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# Sub-Saharan Africa Report

FOUO No. 688



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## SUB-SAHARAN AFRICA REPORT

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INTER-AFRICAN AFFAIRS

DETAILS OF SENEGALESE-LIBYAN RUPTURE GIVEN

Paris JEUNE AFRIQUE in French 16 Jul 80 p 6

[Article by A. D.: "Senegal-Libya: Why the Fire Burns"]

[Text] When the discussion of the Chad affair began on 4 July in Freetown, Goukouni Weddeye asked that the problems in his country not be used once again as an alibi for settling accounts entirely alien to the matter.

Deaf to this appeal to good sense, both Senegalese and Libyans have pursued a polemic publicly launched there on 1 July, at the very opening of the summit meeting, when the delegation from Tripoli announced the suspension of diplomatic relations with Senegal, arguing that this country is still "under colonial domination." The truth is much more complex. On 4 June, Senegalese Minister of Foreign Affairs Moustapha Niasse announced to the parliament in his country the eminent closing of 23 embassies and consulates, 10 of them in Africa, for reasons of austerity. The embassy in Tripoli was among them, and the Libyans were discreetly asked to do the same in Dakar.

On 10 June, a message from Tripoli urged retaining the embassy. Mr Niasse refused categorically, because this embassy is a "nest of anti-governmental maneuvers," because Tripoli shelters opponents, including "the Ayatollah of Kaolak," Ahmed Khalifa Niasse, and Qadhdhafi's government "is holding 27 Senegalese citizens as hostages on Libyan soil."

Some weeks ago, about 40 people, including some Gambians and Mauritians, were about to leave for Libya on board a Liberia Airlines plane, equipped with contracts in good and proper form for work in construction. At least this is what their Libyan recruiter told them. Now they were dispatched pure and simple to the military camps to swell "the African liberation armies" there.

Twenty-seven of them succeeded in escaping the surveillance of their guards and took refuge in their embassy in Tripoli, which is now under military siege. In the OAU, President Senghor gave assurance that if the Libyan government did not allow these 27 Senegalese to depart, he

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would take the matter to the Security Council of the UN and the International Red Cross. The Libyans retorted that these "workers are in breach of contract," without taking the trouble to prove that a Kalashnikov is a rather unusual tool for construction workers.

In any case a violent verbal set-to ensued. Libyan Secretary of Foreign Affairs 'Ali 'Abd al-Salam al-Turayki referred to writings by Senghor of a "colonialist nature" dating back to 1948, and Moustapha Niasse counter-attacked by reminding him of his trip to Dakar some months prior to Qadhdhafi's coup d'etat on 1 September 1969, when he was the bearer of a message from King Idriss Senoussi, and never ceased to sing the praises of the sovereign to Senghor.

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INTER-AFRICAN AFFAIRS

SUPERPOWERS VIE FOR CONTROL OF INDIAN OCEAN

Paris AFRIQUE-ASIE in French 21 Jul 80 pp 20-21

[Article by Elie Ramero: "The New War of Nerves"]

[Text] In a few months' period the Western powers have tried to "lock" the Indian Ocean, to the point of triggering a reaction among those living around it. . . .

Diego Garcia, formerly under the jurisdiction of Mauritius, ceded to Great Britain in exchange for a promise of independence without a referendum for the island, and receded by London to the Americans as of 1970, has finally become "operational." The works carried out for the past 5 years on this isolated atoll in the very heart of the Indian Ocean had turned it into a dream base and an ideal observation center; however, it lacked both the facilities and the manpower to become "offensive." Using as a pretext the entry of Soviet troops in Afghanistan, the Pentagon--the seat of the general staff of the American joint armed forces--was able, in a few months, to make it the heart of its military deployment in the Indian Ocean.

The "Task Force"

Since last March a special marines force of 1,800 men, aboard several troop assault ships, periodically puts into port in Diego Garcia; the first B 52--the "flying fortresses" powered by eight engines--have been able to land, in transit, whereas the 4,000-meters-long runway, patiently built on this minute island (27 square kilometers) had been used, so far, only by a small "squadron of P3 Orion observation and electronic monitoring planes." Furthermore, the "Dixie," the base support ship for American navy destroyers in the Indian Ocean, is based here. It has recently been joined by a 20,000 ton ship specializing in submarine support, the "AS 36 L.Y. Spear."

Completing this logistic fleet are four roll-on/roll-off ships (container ships loaded by rolling forward and sidewise), two bulk freighters and

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two oil tankers have currently dropped anchor at the atoll. They will be used to supply the fast intervention force currently being raised in the United States under the command of Marine General Paul Kelley.

The preparations concerning this new special "force" whose purpose will be to rapidly intervene in "hot points" such as the Indian Ocean or the Middle East, are rapidly underway. As planned, President Carter succeeded in allocating most of the 1981 budget to the navy, 31.3 percent of the entire military budget: This appropriation will go to the 534,000 navy personnel and 185,000 men for the intervention corps of the marine corps. From the 1980 budget the American armed forces had already acquired a total of eight very fast container ships, believed by their current civilian owners to be too expensive following the increase in petroleum prices. Each of them displaces 27,000 tons and has a 33 knot speed. All of them will be stationed in Diego Garcia to support the "amphibious force" of 10,000 men the raising of which was decided by President Carter on an urgent basis.

The 1981-1985 five-year plan also calls for the building of 14 specialized transports of the T.AKX type, whose overall cost will be \$1.4 billion. The purpose of these ships will be to "prelocate" materials and supplies in some areas, with priority given to the Indian Ocean, to be used, if necessary, by the airborne elements of General Kelley's "Rapid Deployment Joint Task Force" which will total 110,000 men. The first T.AKX will be launched in 1983.

The sum total of facilities deployed around Diego Garcia are being gradually established with the American navy currently stationed in the Indian Ocean, specifically in the area of the Gulf. The "Nimitz" and "Coral Sea" aircraft carriers, which are the choice morsels of this fleet of 30 ships, were replaced last May by the "Eisenhower" and "Constellation" aircraft carriers. The latter is<sub>3</sub> at home in the Indian Ocean which it has frequently visited since 1970.

The "Fifth Fleet"

The crews of the "Nimitz" and "Coral Sea," stationed in the area since last November and January, had overstayed the 100 days usually observed for overseas stretches without putting to port adopted by the American navy. In the case of the "Nimitz," the maximum length of 6 months for a mission away from the home base had equally been exceeded.

So far, these forces have never been engaged in combat, except for the helicopter units drafted for the aborted April raid in Iran. Therefore, it is a question of an essentially deterrent deployment aimed at feeding the "war of nerves" between the great powers, protect Western petroleum supplies, and restore the faith of the local allies of the United States confounded after the Iranian revolution and the entry of Soviet troops in Afghanistan.

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Vance's efforts, followed by those of Brown, his successor at the Department of State, to obtain the right to use bases on the western side of the Indian Ocean, are in effect beginning to yield results. The Sultanate of Oman, which hardly refuses anything to its American protector, officially announced, on 5 June, that it was granting "military facilities" to the United States. Therefore, on the level of military cooperation with Oman, the United States will enjoy the same status as Great Britain, the traditional supplier of the Oman armed forces which London also supplies with command personnel and technicians.

An agreement in principle was equally signed last 26 June with the Kenyan government headed by Arap Moi: In exchange for economic aid Kenya allows American troops to use, if necessary, the port of Mombasa and several airports, including that of Nairobi.

The Pentagon would also like to have access to the base installations of Berbera where, until 1978, the Soviets had major facilities. However, so far the Siad Barre has tried to decline the American proposals even though it is not, itself, in a position of strength in the area. In the past few months U. S. Navy frigates have frequently dropped anchor at Djibouti, where the French army is firmly settled--4,000 men on land and several war ships permanently put into port.

The system of "locking" the Indian Ocean is completed by the Ankara-Cairo-Ryad axis, three countries in which the American armed forces have an entry. Let us also add, to the south, the role played, for its own sake but also for that of the "Christian and free West," by the South African racist regime. The Pretoria leaders believe their country to be a natural sentry on the "petroleum road." In the eastern part of the Indian Ocean the American war chiefs enjoy the unconditional support of Australia which is planning to grant them on a permanent basis the Cockburn Sound Base and which would like to participate more actively in the "joint" defense of the Indian Ocean.

Whereas Indonesia and the Phillipines present no obstacles to President Carter's deployment plans, such is not the case with India where, ever since Indira Gandhi came back to power, "neutralism" has once again become the order of the day. Fearing that the Soviet Union may regain in this huge country the main role which had been its several years ago, decided to "forget" the fact that Mrs Gandhi is not criticizing the Soviet Union on the subject of Afghanistan: Therefore, in the near future India will receive from the United States the enriched uranium it has asked. It seems understood by the Department of State that in the future American diplomacy will avoid taking too deliberately the side of Pakistan.

"Zone of Peace"

For some 10 years the countries bordering the Indian Ocean had already been worrying about the growing "militarization" of the Indian Ocean.

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They literally panicked by the new deployment of forces noted these past few months. That is what triggered the international conference of the Organization of Solidarity of African and Asian Peoples (OSAAP), which met from 23 to 25 May in Colombo (Sri Lanka), to launch a new appeal for the resumption of negotiations between the United States and the Soviet Union leading to a gradual lowering of the level of navies and the dismantling of foreign bases in countries bordering the Indian Ocean. Furthermore, the OSAAP proclaimed 1981 the "international year for the struggle to make the Indian Ocean a zone of peace."

A similar concern motivated Didier Ratsiraka, the head of the Malagasy state, when he suggested, in this periodical, first,<sup>4</sup> and subsequently in the course of a public speech delivered on the occasion of the fifth anniversary of the Malagasy revolution, that a big meeting be held in Antananarivo in 1981 or 1982 on the topic of "The Indian Ocean, a Zone of Peace," to be attended, naturally, by the countries bordering the ocean, but also by the USSR, China, the United States, Japan, and the members of the European Community, as well as the big international organizations such as the movement of nonaligned countries.

The initiative of the Malagasy president, supported, in particular, by the progressive regimes of East Africa (Mozambique, Tanzania, Seychelles), could be echoed by the United Nations where the Special Committee on the Indian Ocean is also preparing a conference in Sri Lanka, in 1981, also focused on the demilitarization of this new stormy area.

FOOTNOTES

1. See Michael Klare, "New Military Options" AFRIQUE-ASIE, No 215, and Elie Ramaro, "Diego Garcia, The Eye of the Pentagon, AFRIQUE-ASIE, No 210.
2. Which hauls bulk goods.
3. See Elie Ramaro, "The Falcons Coming From the Sea," AFRIQUE-ASIE, No 202.
4. See AFRIQUE-ASIE No 216.

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CHAD

BRIEFS

NEW PERIODICAL--The first issue of SALAM ("peace"), a bi-monthly periodical published by the Joint Action Front (FAC) presided over by Mr Mahamat Abba Said minister of the interior, appeared at the beginning of July in Udamena. Selling at 75 CFA francs per issue, the newspaper, which is written in French and Arabic, states that its principal objectives are "to make an effective contribution building the nation on the political, economic and social level" and "to assure an independent Chadian cultural entity."  
[Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jul 80 p 1803] 9174

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EQUATORIAL GUINEA

PRESIDENT DISCUSSES RECENT ECONOMIC MEASURES

Paris JEUNE AFRIQUE in French 30 Jul 80 pp 67-69

[Unattributed article: "A Regained Freedom"]

[Text] Who is Lt-Col Teodoro Obiang Nguema, president of the Supreme Military Council (SMC)? When he is asked to introduce himself, he avoids anything which might be of a personal nature and passes on to the subject, a much safer one, of describing the SMC, "a governmental body in the military sphere." He devotes every Sunday morning to sports and has declined to move out of his regular home and into the Presidential Palace.

But this is not a side of his personality which the president allows to be seen. Is this due to shyness? That is what people say and it is probably true. As soon as he arrives somewhere he has never been before, such as a television studio or the building site of the future power station of Malobo, the lieutenant colonel quickly examines his surroundings, though he is only going to be there for a short while, but his smiling eyes turn into an inscrutable mask as soon as he realizes that he is being observed. But then, the military context undoubtedly comes into play: the SMC is a collective leadership and Teodoro Obiang does not want to overshadow his peers, the officers of the Equatorial Guinean Army. If he mentions the part which he played in the overthrow of the dictator, it is only to better explain the reasons for the present military government.

What concerns would public opinion is what led the SMC to take over the responsibility of the government in Equatorial Guinea. The country lived for 11 years under a dictatorial regime and endured the worst afflictions ever known in a central African country. We, the military, were going to be known as paid accomplices in all these destructive actions of the regime. This is why, on the morning of 3 August 1979, I met with several fellow officers and NCO's. I showed to them the dramatic situation which our country was facing and proposed to them to follow a new course. The change was in no way motivated by ambition. We did not seek power. We wanted to take over the government to save our people and give back to them the democratic freedoms that every nation demands. We had to take the initiative because the mission of the army is to defend that legitimate right."

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What was this dramatic situation? "One can start by mentioning the nation's central administration. The country no longer had an administration. Not a single office, not a single ministry was functioning. And no country can be run without an administration. One can also mention the subject of health: the hospitals had been abandoned, epidemic outbreaks went uncontrolled and child mortality was at its peak."

The people were also suffering in the sphere of education which had disappeared in the country: not a single establishment, not a single college was functioning. Children were only taught some kind of recitation denouncing international organizations, foreign countries and human rights. There were no additional infrastructures, no development plan for the guidance and advancement of the country. Finally as regards the way of life and the social system, the previous government did not recognize even the most fundamental rights. The jails were overflowing with prisoners who had not been brought to trial: many Guineans went to prison and never came out again while many others chose to escape to another country while they could."

After this sad presentation of a legacy of ruins and poverty, what is the first evaluation of the new government's actions? "There cannot be a complete evaluation. During its first 12 months of activity, the SMC has succeeded in restoring freedom. The system of oppression has come to an end and the situation in the country is back to normal. In the sphere of health, we have managed to control all the epidemics raging under the previous regime. We have also restored the administration: all ministerial departments are back in operation."

#### Finances and Manpower

"As far as education is concerned, all children are now receiving an adequate education. I am sure that in a year's time we will have some university applicants."

In the economic sphere, the SMC must correct a difficult situation. This is why we had to adopt several measures in July 1980 and these measures are in line with our first program to liberalize commerce. Right now, commerce is completely free. Our currency's new parity can stimulate the agriculture and encourage investors to participate in our national reconstruction. Our national currency is affected by a sort of relative inflation. The constant lack of basic commodities has resulted in a sharp increase of prices and there is a black market with very high rates of exchange which reduces the value of our currency. During the first 10 months we tried to solve this difficult problem. We were not successful and have had to devalue our currency to curtail this illegal rate of exchange.

The industrial aspect is a very important one for all the African and Third World countries. As long as the Third World does not have an industrialization program, there can be no solution to the problem of self-sufficiency in essential commodities. The lack of industrialization in African

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countries and their failure to process their natural resources are one of the reasons why their economic situation remains unchanged. Equatorial Guinea wants to process its natural resources and is already seeking the means to finance that sector."

And what about the agriculture? That basic sector of the Equatorial Guinean economy shows no sign of activity. "We have offered a vast program to encourage the agricultural sector. First, the wages of agricultural workers and the prices of export goods--coffee and cocoa--have been raised. At the same time, we have given facilities to the farmers and plantation workers to help them purchase the equipment needed to improve their installations and daily lives.

The fact is that there is an absolute lack of manpower in Equatorial Guinea: the Guineans are small landowners and are not used to working in somebody else's plantation. One cannot say that the people do not work. They do but they prefer to work for themselves, each man taking care of his small crops."

To Meet the Most Pressing Problems

"The basic difficulty lies in the fact that from the beginning we decided to give the plantations back to their former owners. To this effect, a decree was issued in November 1979. None of the owners fulfilled the minor conditions which had been set. One of these conditions was that they contribute some capital to be invested and used to improve their installations. These gentlemen came but not one of them deposited any money in the banks of Equatorial Guinea. The SMC government came across: it granted loans to the former plantation owners despite the fact that they had not done as asked. Our program also had plans to group small farmers into cooperatives and in that framework to encourage them granting them credit and even facilities to obtain consumer goods.

Much remains to be done. Very few of the former landowners have returned. Many would like to do so but they are having economic difficulties and cannot return because they do not have the money. Besides, in order to revive the agricultural sector we must import a labor force as we did in the past. We are going to enter into negotiations with the Nigerian Government and we will be sending delegations to other countries. We have had contacts with Burundi and Mali and will do the same with other countries soon."

Equatorial Guinea must still meet its most pressing problems. Gradually, it will also deal with other matters.

For the time being, the SMC government does not want to get too involved in international questions all the more so because this often leads to interference in the domestic problems of other states. This is still our

policy. However, there are some basic questions which must be discussed by all the OAU countries and I think that we will adopt the same position as the other African states. In the field of domestic policy, we shall persevere in our efforts to bring about fast changes to achieve the economic, political and social recovery of the Equatorial Guinean people."

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MOZAMBIQUE

REVIEW OF PORT FACILITIES, MODERNIZATION NEED STRESSED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 1 Aug 80 p 1935

[Excerpts] Since the Lusaka economic summit, we have discussed on several occasions the problems relating to transit through Mozambique ports and railroad of the goods traffic of the completely hemmed in neighboring countries. Only Mozambique can offer to the countries without coast to develop their commercial traffic.

Indeed in the west, the Benguela railroad, paralyzed by the civil war in the Angolan territory, has not permitted since 1975, the export of copper from Zambia and Zaire, from the port of Lobito, on the Atlantic.

To the east, on the Indian Ocean, the Tanzanian port of Dar es Salaam represents a bottleneck for the Tazara, the railroad built by China for Zambia and Tanzania. Moreover, since its inauguration in 1975, the Tazara has been undergoing a number of difficulties which have prevented it from achieving so far, its initial objective of carrying 2 million tons per year.

Mozambique offers three ports to its neighbors without coast. That of Maputo, at the southern end of the country, with its twin, Matola, specializing in oil and minerals, offers the best possibilities of expansion. It now operates at only half its capacity: that is, 9 million tons per year (of which nine-tenths are goods in transit to South Africa). Its record had been 12 million tons in 1972 and specialists estimate that it could reach 18 million tons per year.

Although there is a railroad between the interior and Mozambique, in the valley of the Limpopo river, it has not been used for years, and was seriously damaged by the Rhodesian raids, before the independence of Zimbabwe.

The director of ports and railroads of Mozambique recently affirmed that the destroyed installations had been repaired south of the border, but prudently added that the railroad could only be opened early next year,

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after its restoration on the Zimbabwe territory. But according to the observers, the track which was not used for several years, also needs modernization.

In the north of the country, Mozambique has an excellent deep water port, Nacale, but its capacity is very small.

In the center, the port of Beira, 300 km away from Zimbabwe, to which it is connected by railroad, seems to be the ideal means of access for this country, and for Zambia and southern Zaire. Unfortunately, the want of maintenance caused its access channel, about 20 km long, to have its depth reduced from 10 to only 5 meters.

This means that considerable dredging work must be carried out to permit access to the port of Beira of the 20,000 ton ships it used to receive, and before contemplating the berthing of super oil tankers, as foreseen by the Mozambique authorities. Beira is indeed the starting point of the oil duct which used to supply Rhodesia with oil before the unilateral declaration of independence of 1965, and the sanctions imposed against the Salisbury regime. The port and railroad infrastructure of Mozambique requires considerable investments in order that this country may guarantee a significant increase of the transit from neighboring countries. While the latter, who are members of the Lome agreement, may hope for considerable help from the European Community, Maputo which refused to sign the agreement, will have to find other funding sources.

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NIGER

CHAMBER OF COMMERCE'S 1980 BUDGET

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jul 80 p 1798

[Article: "Niger Chamber of Commerce: Budget of 113.5 Million CFA for 1980"]

[Text] The proceedings of the annual general meeting of the Chamber of Commerce and Industry, Agriculture and Crafts of Niger ended at Maradi on 9 July.

The 1980 draft budget was drawn up with total receipts and expenditures of 113.51 million CFA. This is an increase of 7.32 percent over the 1979 budget. The government's contractual share was set at a little more than 13 million CFA.

The Chamber of Commerce intends to establish a new basis for computing membership fees. The division that includes industry, import-export, bank and insurance companies, transit and transport, having a turnover greater than 500 million CFA will pay a fee of 400,000 CFA francs. Wholesalers and the equivalent having a turnover greater than 100 million will pay 200,000 CFA francs. Shippers having less than 10 trucks and small wholesalers with a turnover greater than 20 million and less than or equal to 100 million will have to pay 20,000 CFA francs. Retailers and other small businesses will pay 5,000 CFA francs.

With this system which will be applied in 1981, the annual total of membership fees will increase to 74.82 million CFA.

In 1979, Chamber of Commerce receipts experienced a net increase compared to previous budgets. However, the proceeds from some taxes have not met expectations. Particularly the tax on transactions which was expected to be 40 million and which produced only 19 million CFA, or one-third of the anticipated amount. Moreover, it was found that the financial contribution of national companies computed according to a prediction of 190 millions, produced only 56 million CFA.

Finally, the Chamber of Commerce intends to provide itself with real estate valued at nearly 800 million CFA francs and an institute for training foremen.

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NIGER

CCCE LOANS AUTHORIZED BY MINISTERS' COUNCIL

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jul 80 p 1798

[Article: "Proceedings of the Ministers' Council Loans of 7.76 Billion CFA From the Central Fund for Economic Cooperation"]

[Text] On 10 July, the Nigerien Ministers' Council adopted five draft orders authorizing the President of the Supreme Military Council, chief of state of Niger, Col Seyni Kountche, to acquire seven loans from the Central Fund for Economic Cooperation (CCCE): two for 22.75 million CFA each, one for 12 million, one for 2.67 million, two loans for 40 and 55 million CFA and another for 200,000 CFA, or a total of 155.37 million CFA (or 7.76 billion CFA).

Remember that on 15 May (see MTM of 30 May p 1267) the ministers' council already authorized the Chief of state to arrange for two loans, one for 8.8 million CFA and the other for 140 million (or a total of 7.44 billion CFA) from the CCCE. Remember too, that the total cost of the Nigerien 5-year plan for 1979-1983 will be 730.22 billion CFA, 384.49 billion of which will be payable by the public sector.

In addition, the council adopted two other draft orders, one offering the guarantee of the Republic of Niger for a loan from the Central Agricultural Credit Bank of Niger to a pool of banks of which the National Agricultural Credit Bank of Paris is the leader; and the other regarding the first amendment of order No 79-27 of 20 September 1979 concerning the Finance law for fiscal year 1980.

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REUNION

BRIEFS

SUGAR PLANTERS' STRIKE ENDED--Reunionese sugarcane planters returned to work on 7 August, ending their strike which had paralyzed the island's sugar industry since 24 July. They received only partial satisfaction of their demands, however; the price per ton of sugarcane was increased to 198.05 francs [they had demanded 200 francs--the set price for 1980 was 174.45 francs]; yet unresolved is the method of calculating the sugar content percentage (richesse). [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 15 Aug 80 p 2048]

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SENEGAL

PROMOTION OF INDUSTRIAL EXPORTS ANNOUNCED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jul 80 p 1794

[Article: "Two Billion CFA to Promote Senegalese Industrial Exports"]

[Text] On 11 July, the Dakar Chamber of Commerce hosted an informational meeting organized under the aegis of the ministries of Commerce and of Finance and Economic Affairs for the purpose of explaining to Senegalese businessmen, the mechanisms of government export subsidies, for which we announced the next implementation in our 27 June issue (p 1624).

During the meeting, Mr Idrissa Thiam, director of "overall business forecast," announced to the businessmen who are interested in the export trade, that under regulations which will become effective during the month of July, a subsidy will be granted to them for their export operations. The proposed rate is 10 percent and will be computed on the basis of the FOB value of the exports.

The Senegalese Government has decided to test the products to be subsidized during the year 1980 before making the practice general in fiscal year 1982-1983. For this year, five groups of pilot products have been selected: agricultural equipment, fertilizers, textiles (including raw cotton, knitted goods and ready-to-wear), footwear and canned fish. These five products represent approximately one-third of Senegal's traditional exports and 15 percent of its total exports. The subsidies planned for these products will cost the Senegalese Government 2 billion CFA for fiscal year 1980-1981.

Finally, we should point out that these subsidies will be made without discrimination regarding their country of destination. On the other hand, products that benefit under the CEAO from the regional cooperation tax will not be included, because the Senegalese Government is already contributing assistance to these exports within the Community through its participation in FOSIDEC [expansion unknown].

Mr Thiam then investigated the status of Senegal's balance of trade. He found that the deficit continues to increase. From 84 billion CFA in 1978, it will be 109 billion this year. This is the result of the sharp increase in imports and of broad fluctuations in exports.

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Mr Thiam added that the increase in imports is related to several factors. There is the development of domestic production (capital goods and intermediate goods advancing considerably among total imports). There is also the importation of food products and manufactured consumer goods which have increased in price due to inflation. And finally, there is the energy crisis which has caused an increase in "our oil bill from 5 billion in 1973 to more than 50 billion in 1980."

This situation has not been offset by exports, which were reduced by the recurrent drought. Mr Thiam pointed out that exports have increased from 99.1 billion CFA in 1975 to 104 billion this year, after a maximum of 152.9 billion in 1977 and a minimum of 89 billion the following year. To the drought must be added the decline in phosphate prices in 1975 and 1980 and the drop in the oil-seeds market beginning in 1978. However, peanut products and phosphates represented 63 percent of the total Senegalese exports for 1975 and 1977.

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SENEGAL

POPULATION SUBJECT TO 'PROFOUND' DISCONTENT

Paris AFRIQUE-ASIE in French 21 Jul - 3 Aug 80 pp 51-53

[Article by Ginette Cot: "The Peanuts of Wrath"]

[Text] No Speeches Can Shrug Off the Essential Demands of a Peasantry in Despair.

"We are tired. We are exhausted. We are sick at heart from seeing the country fall to ruin and from thinking of our childrens' future. We have nothing, and we are more and more under pressure. Our sons do not have the means of starting a family. The villages are losing their young workers. Our children are forced to leave for Dakar or go farther away, abroad, in search of a hypothetical job. Regions are dying out. . . ." This speech, repeated a thousandfold in almost identical terms, can be heard throughout Senegal from Saint Louis to Ziguinchor, from Kaolack to Louga, in villages of the Sine-Saloumen and the Diourbel as in those of the Thies region.

So speak mothers, peasants, small tradesmen, workers, middle-level managers, and teachers. They reflect in summary--"for," they say, "it would take days and nights to tell our misfortunes"--the immense lassitude, indeed hopelessness, felt today by the vast majority of the population.

"If it were easy to die, we would let ourselves die." The forsaken in the Senegalese countryside even say that, as for example in the Diourbel region. For the rural people, crushed by debt and bled white by exploitation, the cup of misery runs over. If the last growing season was disastrous (production of peanuts, the country's principal crop, barely reaching 450,000 tons compared to 900,000 in 1978-79), the next even now bids fair to be catastrophic, even without assuming possible natural calamities such as drought or locusts. Seed stock has been squandered, and in this beginning rainy season a great many farmers have not received their seed quota (100 kg for men, 50 for women). "There is not a peanut seed left in the village," noted the farmers of Sagatta, in Kebemer district, last May.

"Not having been supplied, several SECCO [expansion unknown] cooperatives gave money instead of seed: 4,500 CFA Fr when a quintal of peanuts costs

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6,000 Fr and none can be found. Many farmers here are left with empty sacks. The government does not control the real seed stock situation. What will we do? Are we to twiddle our thumbs? How will we live? Are we to die of hunger? Never before have we known so hard a situation. . . ."

The situation of Sagatta village is not, alas! an isolated one, but rather a typical example. Complaints spread everywhere, and everywhere the seed problem is acute. For not only are supplies insufficient to meet needs, but farmers continue to be victims of all sorts of harassment. For them ONCAD /National Office of Cooperation and Assistance for Development/ -- whose outright abolition is called for by the opposition -- has long been nothing but an instrument of rural exploitation. Yet officially -- and following suggestions by the IMF, which recommended measures designed to give a new impulse to peanut growing though Senegalese farmers see less and less advantage in it -- the government had given orders, for this growing season, to distribute seed without any preconditions.

"No Seed"

But in practice things happened quite differently. No matter where, and in order to cow declared opponents, particularly Senegalese Democratic Party /PDS/ militants, or else to recover money "in the face of the total bankruptcy of public finances, 'they' stop at nothing to extract money from those most in want," as it is explained in Senegal. Prefects and subprefects, cooperative and ONCAD agents "invent quite another law." In many places, and as in past years, farmers met with an adamant refusal: "No seed unless you pay back taxes."

"When you come to SECCO to take delivery of your seed quota, the profiteers are there with their sacks, ready to do business with the debtor farmers," explains a former ONCAD official. "And you can imagine what happens. To settle their debts the farmers sell to the profiteers, below the market price, a portion of the seed they were preparing to sow, and leave with a sack two-thirds empty. . . ." Small wonder, under these conditions, that peanut production and seed stocks in barns fall away to nothing.

In a letter of 28 May to the Minister of Rural Development, a leading citizen of Thilmakha rural community in Thies region had cause to complain of irregularities committed by the president of his village cooperative. He cited a list of eight members, himself included, who did not receive seed, on the pretext that they had not paid their taxes. As for the author of the letter, he had been asked to pay 6 percent in kind -- the rate set last year by the government -- not only for arrears in prior years but also as tax for the current year 1979-80. Thus nearly a third of his quota would have been withheld. Thilmakhia farmers also complain that agricultural equipment and fertilizers which were to be distributed by the cooperative were diverted elsewhere "in the greatest confusion." There again, similar cases are innumerable.

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# The Sun and the Shadows

The situation in the Senegalese countryside is today so catastrophic, and the discontent of the peasantry so great--with their indebtedness estimated in official figures of 31 December at 550,000 tons of peanuts or 20 billion CFA Fr--that the government newspaper itself was alarmed. Thus in its 18 June issue LE SOLEIL published a front-page article which somewhat contradicts the relative optimism expressed by the Ministry of Rural Development.

Recalling that the same minister on 3 May had declared himself convinced that "if the rains are on our side, the recovery of our agricultural economy will finally be under way," LE SOLEIL noted that: "the 1980-81 crop year will, alas! suffer from errors in its preparation. Seed and fertilizers were not on hand in all zones in time for the first rains. In Louga region, farmer victims of errors and omissions await 69 tons of seed. In Thies department a shortage of 245 tons and a faulty distribution of seed were noted. . . . At Diourbel, farmers declared themselves deliberately 'omitted' and demanded seed. Fertilizer and fungicide requirements are not fully met.

"In Sine-Saloumen region, where half the peanut production is harvested, the distribution rate for seed stock, as of 26 May, was 88.53 percent. As for fertilizers, only 8,773 tons out of stated requirements for 14,163 tons were delivered. Of requests for 620 tons of urea, no receipts are recorded. . . . In other regions the same difficulties exist. . . . Once again, conceptions and directives have suffered from faulty application in practice, of which one consequence, even where rains were timely, will be a drop in production."

Though the Minister of Rural Development, advised by ONCAD, "of which certain officials are at the root of present problems," minimizes the gravity of the situation, he had to recognize nevertheless that "difficulties concerning seed may result from the attitude of certain administrative authorities said to have linked seed distribution to tax payments, or failed to observe priorities granted by directives to prompt taxpayers." But the real situation, as noted by LE SOLEIL, appears quite different: "In one region the administrative authority and ONCAD reportedly refused 200 tons of seed made available to them to satisfy possible needs, while farmers who had not received seed stormed the offices of the district chief."

It can well be imagined, under these conditions, that it will hardly be possible to convince the farmers that only delays, or the behavior of certain officials, or even mistakes, are at the root of a disaster whose extent has led the caliph of the Mourides (one of the largest religious brotherhoods of Senegal) to come and present the grievances of the rural world to President Senghor:

"The farmers are tired. They count on you for an end to their ordeals, for they have confidence in you. But I ask you, in their name, to renounce

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all that does not conform to their interests." So declared Caliph Serigne Abdul Ahad Mbacke during a conversation with the head of state reported by LE SOLEIL of 23 June. As his interlocutor was noting the various initiatives taken by the government, and the program for building 13 dams by the year 2020, the caliph remarked that "40 years is a long time. The farmers need to eat and drink, and they are counting on you." Finally, raising the problem of faulty distribution of seed, the caliph expressed his feeling--no doubt widely shared--that "seed was used for other purposes."

It is not uncommon, while traveling through Senegal, to hear the terrible reflection that "we are still worse off than in colonial days," or "better the circle commander than those responsible today."

One would like to think that memory plays strange tricks, and that the "old folks" cherish embellished recollections of their bygone youth. One could think, too, that disappointment has been too strong for all those--and they were the majority--who had faith in the UPS /Senegalese Progressive Union/, now become the PS /Socialist Party/. But the young are also bitter. And the impression which dominates and asserts itself is that the structure is cracking everywhere, that misery and destitution are spreading and worsening year by year and day by day.

Club or Ghetto?

"The country's few industries are almost all located in the area of Dakar and Cap Vert province, which is but a very small part of its territory," as is constantly remarked. "The rest of the country has been forsaken and is falling into disuse. Even when a project is started, does it profit the people of the area concerned?" In Casamance, more than ever cut off, where high school student anger burst out last January at Ziguinchor, and where mangoes, though plentiful in the region, rot on the trees for lack of a market or processing plants, who benefits from the tourist facilities created? In any case, apparently not the villagers of Diembering rural community, which adjoins the magnificent Club Mediterranee built in 1973 bordering Cape Skirring.

"In 1974 the club hired 60 percent of our young people. But beginning in 1977-78 they were discharged. Today, out of 400 club employees, only 12 are from here." It is true that Diembering rural community has gone over to the Senegalese Democratic Party /FDS/ of Maitre Wade, and that no retaliatory measures are spared in attempts to intimidate people. "Formerly, women also grew vegetables for the club. Now, by order of the prefect, the club refuses all contact with us, and supplies itself directly by special plane from Dakar."

But in Thies region, the villages near the Taiba phosphate works are no better satisfied. "For us, life has in no way changed," say their inhabitants. "Look, here are electric cables and water mains. But our women still go to wells for water, nor have we benefited from the facilities built on the project to electrify the village."

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In the Sahelian region village water supply remains a colossal task. Thus for example at Darou Mousty, in the Diourbel, there is but a single well within a 20 km perimeter. "People must often go as far as Touba, 28 km from here, with a horse-drawn cart--our only means of transportation--to supply themselves with water." Also in the Diourbel, at Bambey, where PDS militants say, as indeed they do everywhere, that they are ready to sacrifice even their lives to prevent a repetition of the 1978 election fraud, and where they note that "nothing has changed since colonial times," it is perhaps still worse. "We can never again live together here. Our wives must spend the night around the well to supply our homes with water, since the well flows only then."

Everywhere one hears of the difficulty of survival--for to get by from day to day has become a real tour de force--of galloping inflation, of ever rising prices, with sugar at 260 CFA Fr per kg, rice at 90 Fr, and oil at 225 Fr per liter, while peanuts are bought from farmers for only 40 Fr per kg. The 4.50 Fr increase approved by the government is not in fact to take effect until 1981. Moreover, it is pointed out, the grower will then benefit from an increase of only 50 centimes, since the 4 Fr balance is reportedly to be withheld to reduce back debts.

Though Senegalese farmers have no need for calculations to feel in their bones the decline in their living standard, these two examples give an idea of the deterioration of their situation. In the same period--1960 to date--when the price of oil rose from 70 CFA Fr per liter to 260, the price paid to peanut growers rose from 19.50 to 45.50 CFA Fr for the forthcoming crop. But whereas in 1960 the cost of a seeder equalled the price for one quintal of peanuts, it corresponds today to that for 9 quintals!

But there are many other problems which recur as a leitmotiv in conversations, especially those concerning health and schools, which are particularly taken to heart. "There are no medicines in the dispensaries," which moreover are themselves terribly insufficient, it is repeated everywhere. Often, as for example at Sagatta, funds are appropriated by the rural community to equip a dispensary, "but nothing comes." In Linguere department of Louga region, which has become a veritable desert, there are eight medical stations lacking medicines, in an area three times the size of Thies region. Entire zones, like Nindy district in Kebemer department (Diourbel), have but a single dispensary. Other examples could be cited indefinitely.

As for the schools, they are totally destitute. "Parents must supply everything. Pupils huddle together 90 to a classroom, 5 to a bench, sharing 1 textbook among each 10. But then, why do we send our children to school? With what prospects--to become unemployed? . . . ."

To be sure, and as is known, Senegal like other African and third world countries is suffering severely from the full brunt of the consequences of the economic and financial crisis exported by the western world. The deterioration of the terms of trade and the growing weight of the oil bill are

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dramatically real facts. Since independence, Senegal has suffered 10 years of drought, each of which brought a 35 to 40 percent drop in its peanut production. From 1973 to 1980, the oil bill rose 10-fold, from 5 to 50 billion. The fall of world peanut prices and the staggering rise of those for imports have likewise considerably accelerated the crisis.

Neither the deterioration of the terms of trade nor the droughts, however, suffice to explain the economic and financial stagnation into which the country is sinking, or the deep discontent prevailing among the population. So much so that sheer repetition, like a litany, on the air waves and everywhere, of those arguments--to which the Senegalese who hear them now respond only by an ironical or disillusioned shrug--would in the end minimize that aspect of things. The fact is that today confidence has vanished. The effectiveness of the men in the PS, who have been in office for 20 years, is no longer believed in. Technocratic speeches are no longer acceptable. And the privileged of the regime flaunt an overly provocative luxury.

"Almost every morning, a new scandal bursts out, involving embezzlement or other misdeeds," says the man in the street in Dakar. "But nothing changes: the greater the misery, the more the privileged of the regime and the rich parvenus indulge themselves to their hearts' content, as if burning their last bridges."

Daily and everywhere, rumors run rife concerning millions spent by officials for such "futilities" as baptisms of dolls or kittens, for a marriage or some other ceremony; and also concerning flights of capital to Europe and massive purchases of gold jewelry.

In vain does the government announce a recovery plan, a variety of reforms, grants in aid or complementary financing, or yet again, as recently, decide to cut spending by halving the official motor pool and closing 20 embassies and consulates abroad. No one--and perhaps not even the officials, who no longer seem to know what to do or which way to turn--still believes in the possibility of a new start by those in power. So much so that everyone here--including a united opposition--is aware of the danger of the situation, and knows that anything could happen at any moment.

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SENEGAL

DROUGHT IN 1980 EXPECTED TO BE AS SERIOUS AS IN 1979

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jul 80 p 1794

[Article: "Delay of the Rainy Season Causes Severe Anxiety"--words published between slantlines appeared in boldface]

[Text] The delay of the rainy season and the small amount of rainfall are causing great anxiety in Senegal according to the 10 July issue of AGENCE FRANCE PRESSE. It is feared that the drought will be as severe in 1980 as in the preceding year.

The southern part of the country, the Casamance, which is considered the wet region, has recorded only two heavy rainfalls of any importance up to the present time, although the rainy season usually begins in June, or even in May. As for the central and northern part of the country, the rain hasn't even appeared yet.

If this situation continues (and meteorological predictions are not very optimistic) it could lead to serious disturbances in the /peanut crop/ which controls the entire agricultural economy of Senegal.

Last year, the infrequent rains which occurred at the beginning of the rainy season, but which were followed by a long period of drought until September, already made normal sowing impossible and the harvest was very bad, less than half that of 1978 and the worst in at least 30 years.

But the drought has also severely affected the /livestock,/ to the point that leadership of the cattle breeders' association plans to establish a "save the cattle" operation for the Casamance and the central part of the country, in an attempt to compensate for the scarcity of grazing areas in the pasture lands due to the irregular rainfall.

At the same time, government authorities, in cooperation with various international aid associations, are doing their best to accelerate programs for drilling and construction of wells in rural communities.

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In order to bridge the gap before the next harvest, the authorities have also begun to distribute food supplies in the country, where the peasants are beginning to sell or to eat the small amount of seed intended for the next agricultural growing season. Similarly, many breeders are now selling on markets in the cities, the sheep which are ordinarily reserved for the Tabaski, the great Moslem feast (in October this year).

The drought is also evident in Dakar where water cutoffs are predicted for the month of July due to the sharp drop in the level of Guiers Lake, the reservoir which supplies the capital.

In the rest of the Sahel--with the possible exception of Niger and Upper Volta, which had the advantage of a little more rainfall--the situation is also critical. In Mali, as in Mauritania, there are serious delays in the rainfall. In these countries, where for several years the steady and implacable advance of the desert, which involves the disappearance of all vegetation and the exodus of herds and men, has been reported, programs for control of desertification take priority among all economic activities.

But the efforts of the CILSS (Inter-State Committee to Fight the Drought in the Sahel) and of the Sahel Club (which includes all of the countries contributing to the OECD) can only achieve intermediate and long-term results, and are also dependent on methods of financing being obtained without delay.

In the immediate future, a new year of drought could have disastrous consequences on all levels: on river levels, irrigation of crops, feeding of cattle and survival of populations. And we remember with extreme distress the year 1972, when the drought took on dramatic proportions and left thousands of victims, while, as in the beginning of summer 1980, Europe was complaining of an overabundance of rainfall.

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SENEGAL

BRIEFS

PETROLEUM PURCHASE LOAN--The Islamic Development Bank recently approved loans and credits in the amount of \$72.67 million to several Third World countries, including Senegal. This assistance should help the countries concerned to buy petroleum or to finance development projects. As far as Senegal is concerned, it will be the recipient of a loan of 3 billion CFA francs to buy crude oil. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jul 80 p 1794] 9174

SENEGAL-KUWAIT INVESTMENT BANK--The management committee of the Economic Groups of Senegal met on 12 July at the Dakar Chamber of Commerce under the chairmanship of al-Hadj Momar Sourang, national president of the GES. Among other things, the committee took steps to establish the mission of Senegalese operators to Kuwait, from 29 September to 4 October of this year. The mission will study plans for the Senegal-Kuwait Investment Company, the establishment of which has been proposed by the Kuwaitis. It would be a merchants' bank with a capital of 500 million CFA, more than half of which (51 percent) would be held by Senegalese economic operators. Its principal objective would be to guarantee, underwrite and stand surety for Senegalese operators. It will also finance commercial, industrial and handicraft operations. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 18 Jul 80 p 1795] 9174

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ZAIRE

ECONOMIC, FINANCIAL SITUATION FOR FIRST HALF OF 1980 ASSESSED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 25 Jul, 1 Aug 80

[25 Jul 80, pp 1832-1836]

[Text] On 4 February 1980, Gen Mobutu Sese Seko delivered a message to the nation, speaking before the Executive Council meeting in special session. He did not hesitate to state at the beginning of his address:

"The year 1980 appears to me to be the year of the last chance, decisive for our country . . . we must in truth recognize that the path which we still have to cover is still long . . . For 3 years I have worked at drafting the Mobutu plan . . . which is today in full implementation. (Its success) entails a considerable investment of financial means: the results obtained during the last conference held in Brussels in November 1979 with all of our foreign partners truly gives us justification for hope . . . (they), as well as the IMF, the World Bank and the EEC have given the best of themselves to aid us in our vast undertaking.

"It would be dishonest moreover to seek to conceal our own errors of management and some of our economic choices which, in fact, I acknowledged at the proper time."

After a detailed examination of the general situation of the country, the causes and consequences of the "Zairian affliction," he said in his speech: "We need . . . efficient and profitable public services . . . rich and nourishing agriculture, a flowering and confident youth. We must do honor to our constitutional motto: Peace, justice, labor . . . "

Five months later, we examined the economic and financial situation of Zaire as of the end of June, and studied how the program vaunted loud and clear by the president of the republic has been realized in fact.

Let us add at the outset that this speech, which was to reflect the will to "regain control" of the country, disappointed political circles in Zaire and discouraged foreign businessmen.

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Preliminary remarks. Although the profound changes announced in the above-mentioned speech affected almost all sectors, in the following report we will interest ourselves only in the monetary, financial and economic sectors taken in their broadest sense. The analysis of the situation in these sectors was made very difficult by the rather general dearth of statistical information or recent and reliable official figures.

## The Monetary and Financial Situation

## Devaluation of the Zaire

The zaire was devalued again by 30 percent on 22 February 1980.<sup>1</sup> Since that time the zaire has been worth 0.2625 SDR [special drawing rights] (as compared to 0.375 SDR since the previous devaluation in August 1979).

On 26 February 1980 the average rate for the zaire at the Brussels stock exchange was 9.8170 Belgian francs, while on 27 June the official rate was 9.8021.

This measure was to be accompanied, according to the spokesman for the president, by a framework of provisions effecting three basic points, which can be summarized as follows: better supply of consumer goods, rational price-fixing and regular distribution of goods, and amendment of the 16 January 1980 law pertaining to the scheduled tax on income.

If to begin with the operation seemed designed to achieve one of its main goals, the elimination of an "unofficial" rate, it is to be feared at the present time that a further devaluation may yet prove necessary. In mid-June, the unofficial rate for the zaire was again, according to reliable sources, at about 4 Belgian francs.

Inflation. A study of the figures given above will without a doubt be more eloquent than a lengthy analysis. The Institute of Economic and Social Research (IRES) of the National University of Zaire (UNAZA), Kinshasa province, regularly publishes two "indices" which make it possible to follow the fluctuations in living costs closely (from month to month).

The first, entitled the "Weighted Index of Retail Prices in Kinshasa Shops," service prices included, takes the month of June 1960 as a base figure of 100. This index has developed as follows:

June 1960	100
June 1970	1,172
June 1975	2,680
December 1979	29,773
January 1980	30,863
February 1980	29,465
March 1980	31,573
April 1980	31,731

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The second, entitled "Index of Current Retail Prices for Consumer Goods in the Kinshasa Markets," showed the following development (based on the figure 100 representing October-December 1964):

December 1964	100
December 1970	325
December 1975	958
December 1979	1,942
January 1980	9,237
February 1980	9,010
March 1980	9,085
April 1980	9,504

Despite occasional fluctuations, the trend in both cases continued upward, seriously eroding the purchasing power of the working masses.

Farther on we will discuss the influence of inflation on the problem of the wages of manpower in Zaïre.

The following table will clarify the preceding considerably:

Recent Development of Exchange Rate  
(Number of Zaires per Foreign Currency Unit)  
(For Columns 1 and 1b the Unit of Comparison  
Is the Kuta (K), 100th of a Zaire)

Marché réglementé de Bruxelles (1)		Marché libre de Bruxelles (1 bis)	Marché de Zurich (2)		Marché officiel Kinshasa (3)		Marché libre Kinshasa (4)	
Dates	1 FB	1 FB	Dates	1 \$ Am =	Dates	1 \$ Am =	Dates	1 \$ Am =
3-12-79	7.2357	—	14- 9-79	4.0875 Z	—	—	11-79	8.00 Z
4-12-79	7.2554	—	19-10-79	4.15	—	—	12-79	8.00 Z
5-12-79	7.2313	—	14-12-79	4.00 Z	—	—	—	—
21-12-79	7.2053	—	4- 1-80	3.95 Z	18- 1-80	2.0192 Z	1- 1-80	3.50 Z
24-12-79	7.1921	—	25- 1-80	4.10 Z	21- 1-80	2.0188 Z	31- 1-80	5.00 Z
27-12-79	7.1958	—	1- 2-80	4.82 Z	25- 1-80	2.0214 Z	1- 2-80	5.00 Z
2- 1-80	7.2288	—	15- 2-80	4.55 Z	28- 1-80	2.0227 Z	—	—
3- 1-80	7.2472	—	—	—	31- 1-80	2.0254 Z	—	—
25- 1-80	7.1921	—	—	—	7- 2-80	2.0258	—	—
29- 1-80	7.1873	—	—	—	12- 2-80	2.0248	—	—
31- 1-80	7.19	20 K	—	—	—	—	—	—
29- 2-80	10.18	18.18	—	—	—	—	—	—
31- 3-80	9.90	15.38	—	—	—	—	—	—
30- 4-80	10.17	18.66	—	—	—	—	—	—
31- 5-80	10.16	24.39	—	—	—	—	—	—
15- 6-80	—	—	—	—	—	—	—	—
24- 6-80	10.19	27.62	—	—	—	—	—	—

## Key:

1. Regulated Brussels market; date; 1 Belgian franc
- 1b. Brussels free market; 1 Belgian franc
2. Zurich market; date; 1 American dollar
3. Kinshasa official market; date; 1 American dollar
4. Kinshasa free market; date; 1 American dollar

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Note:

1. Official rates established by the bankers in a clearing-house meeting in Brussels.
- 1b. Rate on the Brussels market.
2. Rates established by the Foreign Commerce Bank, Geneva branch.
3. Official rates established by the Bank of Zaire, Exchange Department.
4. Personal surveys in Kinshasa.

Sources: Bank of Zaire, ECHO DE LA BOURSE, NEWSWEEK.

The 1980 Budget

The approval of the 1980 budget by the Legislative Council, making it possible for President Mobutu to sign budget law 80-002 dated 22 January, was preceded by lengthy discussion resulting in numerous amendments.

Current state income for the year 1980 is estimated overall at 2,960,760,000 zaires. Income is estimated at 375.15 million zaires.

Budget credits have been allocated in the amount of 2,937,500,000 zaires for current expenditures for the year 1980. Expenditures will be paid for as the corresponding income is received. Where capital expenditures are concerned, commitment authorizations have been granted in the amount of 1,381,200,000. Payment credit allocations for 1980 come to 373.3 million.

In all, income thus totals 3,336,000,000 zaires and expenditures 3,686,000,000, leaving a deficit of 350 million which must be made up from advances by the currency issuing institute. It should be noted that the 1979 budget called for a deficit of 232 million zaires, a sum definitely in excess of the goal sought by the IMF for this fiscal period.

The Mobutu Plan and Its Financial Consequences

1) On 18 July 1979, President Mobutu sent a first letter of intention to the IMF, in which he officially confirmed the main guidelines of the stabilization plan Zaire planned to follow to obtain the indispensable financial aid of that body. A first stand-by credit of 11½ million SDR was released as a result on 28 August 1979. It was to be paid out quarterly until the end of 1980.

The IMF, which saw as the following month elapsed that Zaire would not succeed in achieving the goals set for 1979 and that the directives issued by its experts were not being observed, revealed understandable displeasure. At the beginning of 1980, new discussions took place in Kinshasa with the Zairian chief of state and the financial authorities of the country. The last IMF delegation left Zaire on 9 March. To some extent, this reflected the pessimism of the IMF and the World Bank as to the possibilities of national recovery (an attitude heavily influencing the thinking of the public and private banks).

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However the IMF gave its agreement, in principle, to the releasing of a second allocation of stand-by credit, with the requirement that President Mobutu sign a second letter of intention (the text of which is not known to us). This letter was signed by the chief of state at the end of the month of March during the trip he made to Romania. It alleviated the tension which had developed between the IMF and Zaire and made possible the normal development of the support operation based on the first stand-by credit allocation (28 August 1979).

It was not, finally, until 28 and 29 May 1980 that the fourth meeting of the consultative group for Zaire could be held in Paris. The press statement released on 28 May 1980 set forth, along with some statements of satisfaction, serious reasons for concern. The press in Zaire as a whole expressed satisfaction with the results obtained (?). It is certain that the IMF attitude will influence that of the Club of Paris and the Club of London.

The numerous suggestions made to the participants as to how to get Zaire out of its rut hardly conceal the lack of any immediately applicable pragmatic solution or any statistical data on the financial aid plan.

The partners of Zaire wanted to impose upon it a new series of tests before adopting a final position, it was said. A justified maneuver perhaps, but a dangerous one without a doubt given the current state of the economy of Zaire!

2) A meeting of the government and credit bodies called the Club of Paris was held in the French capital from 10 to 12 December 1979, and a major series of decisions having to do with the rescheduling of the back debt of Zaire was discussed. This Zairian foreign debt was estimated then at more than \$4 billion.

The agreements decided upon were not however to be confirmed unless the implementation of the Mobutu plan was approved in 1980 by the IMF. Zaire was among other things to devote a substantial portion of its export income in 1980 and 1981 to repayment of the \$400-million allocation, which had been the subject of an earlier rescheduling to which the Club of Paris agreed.

3) On 23 April 1980, Zaire announced the signing in Paris of an agreement refinancing its combined and non-guaranteed bank debt by about 100 private banks grouped in the Club of London. Zaire undertook, among other things, to settle all of the back interest as of 31 January 1980 (\$33.6 million) and 10 percent of the arrears on the principal (\$283 million).

That same day, a first payment order for \$65 million was signed by the state commissioner for finance.

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## Demonetization and Exchange of Bills

This operation, ordered by President Mobutu, is one of the sources of misunderstanding between the IMF and Zaire. It merits our examination for a moment. On 24 December 1979, the office of the presidency announced the withdrawal of 5- and 10-zaire notes and their replacement with new ones. The total in circulation was estimated at 2.7 billion zaires, of which 1.3 million was supposedly abroad. As only 1.3 million in new bills was to be put into circulation, it was expected that the holders of sums located abroad or in private coffers and undeclared either to the banks or the treasury would automatically be penalized. Undertaken too soon, without adequate preparation or respect for the conditions set forth by the IMF, this operation rapidly went wrong. It was only possible to place on a limited market the first 300 million new bills available. With the exception of Kinshasa, a part of Bas-Zaire and the GECAMINES [General Quarries and Mines Company], all of the economic structures in the country were dealt a blow.

As of 5 January 1980, the chief of state himself vigorously denounced all of the serious shortcomings noted in the course of the operation. He found himself obliged to take a whole series of urgent steps designed to offset the harmful disadvantages of his initial decision.

And, without a doubt more serious still, the goal sought--deflation and a campaign against hoarding (because of the decline of the zaire on the unofficial market) was in no way achieved. It could even be said that in some cases diametrically opposed results were achieved.<sup>2</sup> At the beginning of May 1980, the Executive Council further dispatched, at the rate of 5 million zaires per region, a total amount of 45 million new zaires to the interior of the country, clearly demonstrating that it had still not been possible to effect all of the planned exchanges, and that as a result, the economy was not yet fully recovered from the shock which had shaken it (in particular, the disturbance in trade exchange and purchases of farm products were harshly felt by the people).

In a Zairian economy which apart from its mineral resources is only functioning now for all practical purposes thanks to international or bilateral foreign aid, the monetary measures of the Zairian government have inspired a feeling of concern.

## The Economic Situation

Preliminary remarks. A comparison of the distribution of Zaire's exports from 1969 to 1978 (last available statistical data) can provide a good idea of the extreme fluctuations of the Zairian economy (in percentages of total exports).

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	1968	1976	1977	1978
Mining products	52	79	84	83
Including: copper	22	17	22	23
Farm products	30	15	13	14
Industrial and various products	18	6	3	3

Note: Mining products include exports of crude oil (see this category).

Exports 1976 to 1978  
(Value in Thousands of Zaires)

Produits (1)	1968	1976	1977	1978
Agricoles: (2)				
Tonnage	442 612	332 156	271 355	250 957
Valeurs	46 917	164 614	259 539	198 235
Miniers: (3)				
Tonnages	762 780	1 811 116	1 712 071	1 511 945
Valeurs	237 333	654 728	617 077	716 865
Industriels: (4)				
Tonnages	258 385	145 897	58 917	44 494
Valeurs	808	7 849	4 166	5 500
Divers: (5)				
Tonnages	15 145	10 000	8 000	8 000
Valeurs	13 442	11 709	31 618	10 000
Total: (6)				
Tonnages	1 478 823	2 999 169	2 050 343	1 815 396
Valeurs	298 500	837 900	912 400	930 600

## Key:

1. Products
2. Agricultural: tonnage, value
3. Mining: tonnage, value
4. Industrial: tonnage, value
5. Miscellaneous: tonnage, value
6. Total: tonnage, value

Farm products declined substantially. As to industrial and miscellaneous products, their plunge would be worrisome (it is no more than 6 percent of what it was in 1978) if the values were not minimal in the extreme.

We have no similar data either for the year 1979 or for the first half of 1980. In view of the situation developing in Zaire, it can be estimated that the distribution keys will not be very different for the first 6 months of 1980.

## Mining Production

Since mining production still very largely constitutes the backbone of the Zairian economy, more particularly the production of the GECAMINES (copper and cobalt), it seems of great interest to study the development of the

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prices for the principal mining products and exports. The combined influence of these two factors is in fact of capital importance to the Zairian balance of payments.

Copper. Copper prices developed as follows in 1980 (per ton in Belgian francs): 31/1:83,970; 14/2:85,920 (highest figure reached in 1980); 29/2:78,950; 14/3:66,840; 31/3:64,390; 15/4:63,220; 1/5:59,960; 16/5:58,980; 2/6:60,090; 11/6:56,420; 16/6:55,910 (lowest figure reached in 1980).

Exports. Copper is exported through Matadi, Dar-es-Salaam (Tanzania) and South Africa (East London and Durban). The Lobito route has not yet been restored. The following are the figures in tons:

	Matadi	Dar-es-Salaam	East London	Durban
January	14,638	685	9,986	10,571
February	9,118	0	16,612	5,792
March	14,791	1,425	3,842	3,905
April	18,429	1,255	11,449	9,985
May	24,669	1,575	9,255	7,953
June	Figures Not Yet Available			

Production forecasts. The SOZACOM [Zairian Company for the Marketing of Ores] foresaw production (by GECAMINES) totaling 420,000 tons for 1979 and 460,000 tons for 1980.

It should be noted that these figures do not include the production of the Zairian-Japanese company SODIMIZA [Industrial Development and Mining Company of Zaire], which exports only concentrates via the longer route, i.e. Durban. Its exports of concentrates come to about 100,000 tons per year.

Cobalt. The price of this product has not varied since the beginning of 1980. It is sold (price to customer) at 1,620 Belgian francs per kilogram. It is shipped out by air.

The production exported during the first 5 months of the year came to 4,800 tons of "contained cobalt," while the production expected for the year is 15,000 tons. Thus the exports for the first 5 months are shy of this estimate.

Cassiterite. Currently there are three companies in Zaire producing cassiterite. Listed in order of tonnage produced, they are the SOMINKI [Mining and Industrial Company of Kivu] (79.4 percent), ZAIRETAIN (20.1 percent), and Zairian Mining Enterprises (0.5 percent). (Note: Percentages calculated on the basis of the last available overall figures, i.e. those for 1978.)



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For the first few months of 1980, only the SOMINKI could give us a statistical breakdown. In view of its importance in comparison to the total, we feel it would be useful to provide them here.

SOMINKI Shipments 1 January to 18 June 1980  
(In Tons)

(1) Mons Port d'embarquement	(2) Columbite tant	(3) Monanite	(3) Sous-total	Total
	Cassitérite	Wolframite		
Janvier (4)				
Matadi	357	—	3	360.0
Dar-es-S	—	10.5	—	10.5
Février (5)				
Matadi	220.5	—	—	220.5
Dar-es-S	31.5	10.5	3	45.0
Mars (6)				
Matadi	10.5	21.0	—	42.3
Dar-es-S	73.5	10.5	6	100.8
Avril (7)				
Matadi	409.5	21.0	3	444.3
Dar-es-S	—	10.5	6	16.5
Mai (8)				
Matadi	388.5	21.75	3	413.25
Dar-es-S	—	—	3	3.00
Jun (du 1 <sup>er</sup> au 18) (9)				
Matadi	198.75	10.5	3	223.05
Dar-es-S	89.25	—	3	103.05
Valeur moyenne (tous produits)	252 921 FB/tonne	(10)		1 982.25

## Key:

- |                         |                                    |
|-------------------------|------------------------------------|
| 1. Month--Shipping port | 7. April                           |
| 2. Columbite--tantalite | 8. May                             |
| 3. Subtotal             | 9. June (1 to 18)                  |
| 4. January              | 10. Average value (all products)-- |
| 5. February             | 252,921 Belgian francs per ton     |
| 6. March                |                                    |

Zaire is a member of the International Tin Council which, at its meeting in London from 15 to 19 January 1980 discussed the renewal of the international agreement negotiated in Geneva last 14 April to 16 May. The review of the minimum and ceiling prices was postponed until July 1980.

From the point of view of prices, tin is a very sensitive product. Quoted at 7,350 pounds sterling per ton at the end of December 1979, the price was 7,665 pounds sterling on 1 April and 7,240 pounds sterling on 17 June 1980. In both directions (plus or minus), the possibility that the United States will refuse to release its strategic stock on 1 July 1980 is, for example, a cause of market fluctuations.

Note: The price of tin was 3,000 £ per ton in January 1976, 5,420 in January 1977, and 6,000 at the beginning of 1978.

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The situation of the Zairian Mining Company, poorly situated geographically in relation to outlet ports, is very difficult, with wage, replacement parts, transportation and other problems becoming increasingly complicated to resolve. No improvement, moreover, can be foreseen. (Note: All the mines are located in the eastern part of Zaire.)

Gold. While the Belgian Congo produced some 10,800 kilograms of pure gold in 1959, production was only 2,386 kilograms in 1978, according to the last statistics available. We have no figure for the leading producer (Okimo, a 100-percent-state company, which appears to be faced with serious difficulties of all kinds) for 1979-1980. We will give here the 1980 exports of the SOMINKI, which ranked second, far behind Okimo, merely as an indication.

It should be noted that in the Kivu region, a number of small craft operations are engaging under fraudulent and uncontrollable conditions in the exploitation of old deposits and gold washing.

Gold exported through Kinshasa (SOMINKI, 1 January 1980 to 18 June 1980, in estimated kilograms of pure gold): January, 34.6; February, 40.78; March, 28.92; April, 63.17; May, --; June, 45.9.

Oil.<sup>3</sup> For the first 4 months of 1980, production was as follows: January, 628,000 barrels; February, 574,000 barrels; March, 505,000 barrels; April, 526,000 barrels.

Note: We should mention here that Zaire exports a part of its crude oil production, for technical reasons, and that the SOZIR [Zairian-Italian Refining Company] only refines a part of the Zairian offshore production, in its installations in Bas-Zaire. In 1979, Zaire imported 434,000 tons of finished products varying in origin.

The 1979 report of the Cometra Oil Company in Brussels included the following:

"Where the future is concerned, production experience in the Zairian maritime zone should make us ever more cautious in our estimates. With all the usual reservations, on the basis of the information available to date, the total contribution of the structures currently in production might run to an average of between 20 and 25,000 barrels per day for the last 8 months of 1980 and a little more than 25,000 barrels for the first half of 1981. No further estimates can as yet be formulated. The expected increase for 1981 will perhaps depend more on the performance of Mibale than the supplementary contribution of Mwambe.

"Where the research work with a view to expanding production sources is concerned, our report shows that the major program drafted for 1980 will probably have to be limited, for lack of ability to obtain all the drilling platforms needed in proper time, thus being postponed in part until 1981."

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On 24 May, the first state commissioner traveled to Est-Mibale, 27 kilometers from Moanda, to inaugurate the exploitation of the oil fields of the Zairep-Shell-Amoco group.<sup>4</sup> This group has since 27 May 1980 been exploiting two wells, at Mibale-Est and Kinkasi, with a daily production of 1,000 barrels. The latter source may rapidly reach 2,000 barrels of oil per day (as compared with 23,000 barrels per day for Gulf).

On 1 June, the newspapers in Zaire reported that an oil company called Esso-Zaire had just obtained an oil prospecting permit from the Executive Council for the central basin of Zaire. To this end, the Esso company (an affiliate of the larger American Exxon oil company) and Texaco signed an agreement with the Executive Council with a view of undertaking the execution of drilling work in this part of the country. The Esso company assumed responsibility for coordinating work, investments in which will come to several dozens of millions of dollars, distributed equally between the two parties. Plans call for the construction of roads and a small airport in the heart of the equatorial forest within this framework. The prospecting work will probably last 18 months. The initial capital of Esso-Zaire is 50,000 zaires.<sup>5</sup>

#### Financial Aid and Cooperation

In the first part of this article we wrote that "a Zairian economy which, apart from its mining resources, is functioning only thanks to international and bilateral foreign aid . . ." To illustrate this statement, we have examined mining production in detail. We will supplement this data by a brief description of the main aid granted to Zaire since 1 January 1980.

#### Multilateral Aid

World Bank. Credit from the International Development Association (IDA) in the amount of \$18.5 million will be used by the SOFIDE [Finance Company for Development], the main source of long-term financing for the country, to assist the agricultural, transportation and industrial sectors (May 1980). The IDA, an affiliate of the World Bank, has in addition granted Zaire credit in the amount of \$11 million, to aid in the financing of a project to double corn production in 6 years.

Lome Conventions (I and II). The EDF [European Development Fund]. According to information provided by the EEC, a planning mission was scheduled to visit Zaire last May. No report on what results it achieved has reached us as yet.

The GDF has granted Zaire a subsidy of 490,000 UCE for the development of fishing in Lake Tanganyika (Lome I). A sum of 8 million units of account will be reallocated in the course of the year for the cultivation and increase of sugar and cotton production, among others. A subsidy of

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13 million units of account is planned for the Mweka development zone (Kasai Occidental).

United Nations Development Program (UNPD). The Zairian Executive Council and the UNPD propose the joint establishment, within the framework of the national program for the four basic agricultural components, a national body the structures of which the Department of Agriculture and Rural Development and the Planning Commissariat will undertake to set up. The FAO will be responsible for pursuing the studies of this project, to which the UNPD will contribute \$1,046,822 and the Executive Council 319,220 zaires, taken from the counterpart budget.

This project, for which the studies will be carried out in the course of the next 4 years, involves providing Zaire with an institution which will supply planters with the main agricultural components, i.e. selected seed, fertilizers, pesticides, tools (hoes, machetes, axes, sprayers) as well as basic veterinary products.

Food and Agriculture Organization (FAO). In January a top official visited Kinshasa, and five experts will be sent to Zaire to study the technical assistance program for Zaire with the Agriculture Department.

A special mission of six technicians visited Zaire from 25 February to 4 April 1980, concerning itself with agro-economic, rural development, livestock breeding, general production and fishing projects to be included within the 5-year plan to be drafted beginning in 1981.

The FAO will in the course of the next 8 years implement a project involving the development of livestock breeding in the subregion of Nord-Kivu, in collaboration with the Zairian Department of Agriculture. This project will be financed by the FAO in the amount of \$1,068,531 and by the Zairian Executive Council in the amount of 789,490 zaires, from the counterpart fund. Another project covering a 2-year period and with financing of \$1,170,590 (from the UNPD), to which Zaire will add 619,940 zaires, calls for the implementation in that same region of a pilot program based on the experiments made in Haut-Zaire (Yangambi region) in the realm of rural agricultural cooperation, and in particular the implementation of a policy of integrated rural development.

African Development Bank (ADB). The African Development Bank has decided to grant Zaire a loan in the amount of 7.5 million units of account for the financing of the REGIDESO [Water and Power Distribution Administration] project for supplying Kananga with water (1980--phase II).

Cultural and Technical Cooperation Agency (ACCT). The ACCT will grant Zaire credit in the amount of 855,000 French francs to finance the third truck garden cultivation site in the Kinshasa suburbs during 1980 and 1981.

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#### Bilateral Aid

Belgium. On 21 January, an agreement was signed between Zaire and Belgium pertaining to the use of "transfer funds" coming from foreign exchange allocations by Belgium for cooperation with Zaire. The goal is to make possible the purchase of raw materials, spare parts and possibly equipment goods in Belgium, in particular by Zairian enterprises whose activities will have a definite impact on the well-being of the native population and the job market (first installment--200 million Belgian francs).<sup>6</sup>

The presidential order dated 30 April 1980 distributed the 250 million granted in the form of a state-to-state loan by Belgium to Zaire as follows, for the main categories: ONATRA [National Transportation Office], 89.6 million Belgian francs; SNCZ [Zairian National Railroad Company], 89.6 million Belgian francs; SNEL, 44.8 million Belgian francs. The ONATRA and SNCZ orders involve replacement parts and equipment.

Another sum of 400 million Belgian francs is planned for the benefit of the same bodies in 1980. It will only be available after the first loan account is closed (see subsequent section on Zaire, page 1866).

Canada. At the beginning of June, the Zairian newspaper ELIMA reported a statement by the Canadian ambassador to Kinshasa to the effect that the "recovery" of the FORESCOM company (100 percent Zairian) was the object of negotiations between his country and Zaire. These negotiations are developing favorably. This operation, which would involve the re-equipping of the country and the complete reorganization of its management, would cost \$17 million Canadian (to be used during the years 1980 and 1981). Food aid to Zaire has also been discussed. Canada is reported to be contemplating the establishment of savings and credit cooperatives in addition.

Note: The FORESCOM was an important forest exploitation enterprise located in the Nioki region, which deteriorated almost to the point of collapse. For several years it has been the object of negotiations with a view to relaunching the firm on the basis of foreign aid.)

France. The French minister of cooperation, Mr Robert Galley, has announced that his government has decided to grant Zaire aid in the amount of 300 million French francs, including 200 million in the form of loans and 100 million in the form of subsidies, for 1980. He said that in addition to these sums, France would also provide Zaire with technical aid in a number of sectors and would contribute its support to the implementation of the projects approved, in particular the launching in 1980 of a major undertaking in the telecommunications sector.

Great Britain. Great Britain has made available to Zaire, as gifts, payment means in the amount of 2 million pounds sterling, for the financing of imports of raw materials and goods of British origin. The beneficiaries of this aid are the Zairian companies in which the British have an interest.

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Japan. An agreement was signed on 29 January in Kinshasa between Zaire and Japan, calling for the supply of dairy products and canned fish by Japan worth 500 million yen (about \$2.2 million) within the framework of emergency food aid.

Furthermore, in 1980 the Japanese government will supply Zaire with road maintenance machinery worth 800 million yen (over \$3 million). This equipment, which will be handled by the Roads Office, will be used for the maintenance of service roads.

Federal Republic of Germany. Recently the FRG granted Zaire credit totaling 70 million deutschmarks to improve its transportation infrastructure. This loan, repayable over 30 years, following a 10-year grace period, will be broken down as follows: ONATRA, 20 million; SNCZ, 20 million; Roads Office, 30 million.

On the other hand, the FRG has provided the Executive Council with a grant of 16 million marks for building and operating the Professional Agricultural Institute (IPA) in Mushweshwe.

The FRG has submitted to the Executive Council specific projects for the restoration of the Kinshasa Transport Company (STK). The German cooperation would be broken down into two stages. The first stage, described as technical cooperation, will be a gift from the German government totaling 1.5 million deutschmarks. The second stage will consist of a loan which the FRG will give the STK, guaranteed by the state of Zaire, for the purchase of 100 buses, 100 motor coaches, 1 breakdown repair truck, 1 truck, 1 jeep, and equipment for a machine workshop. However, such deliveries will be made only if the two parties reach an agreement on restoring the financial health of the STK.

On 15 April FRG military aircraft brought to Kinshasa 11 tons of medicines worth 300,000 deutschmarks, donated to Zaire as humanitarian aid. The same airplane also brought equipment for the Gbadolite hospital<sup>7</sup>; the heavy equipment for the same hospital will be shipped by sea.

Yugoslavia. A cooperation agreement was signed on 3 April in Kinshasa between the Zaire authorities and the chairman of the Energo-Invest Yugoslav company.

According to the agreement Yugoslavia will grant to Zaire a \$15 million loan with a 4-year grace period to finance the laying of a high-tension cable between Bukavu and Goma by the named Yugoslav company.

An agreement protocol was also signed on this occasion between the National Electric Power Company (SNEL) and the Yugoslav company in accordance with which the latter will build in Zaire a plant for electrical materials and set up a joint bureau to conduct technical studies, together with another bureau which will be in charge of the training of SNEL personnel.

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#### Agricultural and Industrial Production

Considering the lack of statistical data (entire for the first half of 1980), reports drafted by some companies and statements of heads of enterprises visiting Europe must be used to determine Zaire's agricultural, agro-industrial, and industrial output. With rare exceptions, the impression they create is one of concern.

Virtually all industrial companies (agro-industrial included) are operating at roughly 30 percent of installed capacity due to lack of raw materials and, mainly, spare parts. Considering the tremendous size of Zaire's needs, its possibilities appear quite inadequate and the transportation and delivery system is way below a satisfactory level.

A clarification of this situation is provided by three extracts from recently published documents, the first by the breweries, the second by a processing industry, and the third by an agro-industrial company.

Following is an extract from a recent report submitted to the administrative council of UNIBRA (breweries), appearing, mutatis mutandis, in a number of other similar documents:

"Considering the difficult situation of our UNIBRA branch (SZ to RL) whose output is threatened not only by the lack of supplies but also by its failure to obtain a revision of the sale price of beer following the latest devaluation of the zaire (22 February 1980), the administrative council deems it reasonable not to pay dividends for 1979. Prospects for 1980 are not favorable, for the other big brewery, BRALIMA, was still operating at the end of May at 30 percent capacity."<sup>8</sup>

Exceptions, however, exist. The annual report of Chanic (naval shipyards and production of metal goods) reads as follows:

"Prospects for 1980 are favorable both for Chanic and its branches." This is the exception which confirms the rule.

The Sipef (agro-industry) annual report reads:

" . . . Declining production (rubber) reflects supply and shipment difficulties experienced by this company located in a remote area (Matadi) serviced more or less precariously by the public transport system. New organized facilities let us hope that matters will improve in the future."

#### The Coffee Situation

Let us note that coffee (Arabica and Robusta) is one of the most important agricultural goods produced by Zaire in terms of value.

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Let us note the following export figures:

	Tons	1,000 Z
1976	108,613	103,613
1977	64,113	165,638
1978	76,741	138,190
1979	No figures available	

As far as prices on the Antwerp marketplace, according to the ICO [International Coffee Organization], 1980 appears to be starting under the sign of an instability damaging to the producers. The Robusta were in lesser demand. The lowering of the quality of "African" coffees has, naturally, influenced prices.

Naturally, the Zaire government which, during the coffee "boom" had a great deal of difficulties in dealing with the exporters (over 20,000 tons of coffee may have been smuggled out in 1977-1978), is setting up ever fuller and stricter regulations.<sup>9</sup> Would it be able to improve the market of its main currently exported product? The answer lies in the future.

Average Prices in U.S. Cents per Pound  
(Based on Two Arabica Grades and Two Robusta Varieties)

26 December 1979 . .	194.53	28 April . .	186.25
29 January 1980 . .	179.28	28 May . . .	196.45
27 February . . . .	182.70	24 June . . .	180.33
27 March . . . . .	186.83		

#### Food Production

Information on food production is totally lacking. Whereas a clear distinction is possible between the supply of big urban and industrial centers, where very serious problems remain, and the rural areas where the population has virtually returned to a subsistence economy, it is impossible to determine, due to lack of statistical data, whether or not the efforts made to develop agriculture in the rural areas (decreed as being "a priority among priorities" by President Mobutu) have been truly effective.

Frequently encountered in the local press are articles written by Zairians who energetically and openly criticize food shortages (and prohibitive costs) in the capital.

A total of 36,000 tons of wheat, 10,000 tons of flour, and 11,500 tons of rice to be imported on the basis of the U.S. food aid program for 1980, and over 175,000 tons of corn to be purchased abroad to supply the Zaire flour mills: these are figures of shortages in a country which, before 1960, was exporting corn, rice and manioc, and which is no longer able to secure at present its independent food supplies.



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Manioc is the most widely grown and consumed crop by all Zairian population strata: the high cost of living in Kinshasa (as in the other major Zairian centers) is largely due to the high cost of this product which has become a cash crop. There are multiple reasons for price increases: lowered output, disorganization of commercial networks, weaknesses in the transportation system, and inability effectively to struggle against bacterial diseases attacking the product. Therefore, here a substantial effort must be made in a variety of ways to redress a dangerous situation. In particular, the village population should be provided with competent and dedicated instruction and supervision personnel, without which the farmers would be satisfied with producing no more than what they consume.

Efforts are being made, however, to improve a currently worrisome situation. Let us note for the first semester of 1980 aid to promote rural agriculture granted by the ACCT, FED, IDA and Japan.<sup>10</sup>

Let us also note the following loans granted by SOFIDE: 495,300 zaires to a Bas-Zaïre agro-industrial company to improve the financing of its food program (corn, manioc, soybeans); 919,999 zaires to a Kasai agricultural company to develop corn-growing in Gandajika; 572,000 zaires to develop the cultivation of food crops in Bas-Zaïre; 268,000 zaires to develop, raise and market rice in Equateur; 234,000 zaires to modernize a rice factory in Kivu; 340,000 zaires to complete a program for manioc and peanut growing in Mazi-Madimba (Bas-Zaïre).

#### The New Agricultural Strategy as Defined by the Mobutu Plan (1980-1981)

Having been unable to provide somewhat more specific information on the rural sector, it would be of interest to complete this survey by a short synthesis of the "rural agriculture" section of the plan as submitted by the Mobutu government to the authorities of the IMF<sup>11</sup>: 75 percent of the Zairian population lives in the rural areas. Despite measures already taken, the situation in this sector remains alarming: production stagnation, general shortage of prime-necessity goods, low agricultural income, and reduced exports.

Unlike the 1978 program, the new strategy is based on the output and marketing levels of the private sector; conversely, all the required infrastructural work will be assumed by the state.

The need for adequate staffing is an indispensable condition if rural output is to increase: under the current conditions the combined help of the state, as the main promoter, and the private enterprises, the religious missions, and the public bodies should bring about improvement in the system for the dissemination of knowledge in the rural media.

A certain number of areas have been selected for the implementation of the new strategy, in which the stipulated activities will be focused; the choice was dictated essentially by their high productivity level.

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"Integrated" approach to agricultural problems, completed by a clear definition of the role of economic operatives, is the original feature of the new program. In order to ensure the financing of the plan, the Executive Council has already stipulated the organization of an Agricultural Development Bank, with funds provided by the Development Fund and the Counterpart Fund. The "minimum" program, as defined by the Executive Council for the 1980-81 campaign will be the first stage in the implementation of the new strategy.

The contribution which friendly countries and international bodies could make to Zaire, within the framework of financial and technical cooperation, should be specified. Generally speaking, the conventional involvement methods have been retained, particularly aid to research, training, and management should be pursued. Aid in terms of opening lines of credit to agricultural development banks and the organization of their structures as well as financial support for infrastructural projects, and help in the balance of payments and in kind would be particularly desirable.

The choice of agricultural products to be promoted was focused on the following: corn, rice, and manioc. The extent of the planned operation, the Minimum Program, will be determined by the means available to the country and resources it would be able to acquire to get it started.

The latest official census taken in the country was in 1970: most of the figures in our possession are no more than estimates. However, they are useful, for they provide a scale of reference. According to some estimates the total population would be 27 million, a figure which might seem exaggerated. The World Bank assesses it at 25-26 million.

According to previous investigations, the rural population would be between 70 and 75 percent of the total population, with the assumption that the agricultural population would be no more than 75 percent of the rural population: it is estimated that no more than 38.5 percent of the population is available for farmwork. The active agricultural population, therefore, would account for 20 percent of the total population of the country: agriculture is short of manpower, for the active young people are abandoning farming.

The following areas were considered for the Minimum Program operation:

	Maïs - (1)	Riz - (2)	Manioc -
Shaba .....	Kabongo Malemba Nkulu Kaniama		
Kasaï oriental .....	Kabinda Gandadjika Mwenje-Ditu Tshilenge		

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Kasai occidental .....	Luebo Kazumba Dibaya Demba		
Bandundu .....	Idiofa		Idiofa Ngungu Bageta Butungu Masi Madimba Feshi Kasongolunda
Équateur .....		Bumba Lisala Bongandanga Businga	
Haut-Zaïre .....		Opela Bafwasende Banalis Basoko Yahuma	
Kivu .....		Kindu Pangi Kasongo Shabunda Mwanga Uvira	
Bas-Zaïre .....			Songololo Luozi Mbanza Ngungu Madimba Kasangulu Kimvula Seke Banza

Key:

1. Corn

2. Rice

The total cost of the 1980-81 plan would be, therefore, about \$12 million (foreign currency requirements) of a total, in Zaïre, of 86 million (unable to determine the date at which the document was drafted, we are also unable to determine the dollar/zaïre conversion rate used to arrive at this figure--author's note).

#### Transports and Energy

Preliminary remark. The entire Zairian transportation system has been affected to different degrees by the economic crisis which continues to burden the country and is still greatly suffering from poor management which, for quite some time, was a characteristic feature of the various systems.

In 1979 the export traffic used (as will still be the case for the first half of 1980) the following roads (the share of the traffic given individually): Matadi (national highway), 53 percent; East-London and Durban (Republic of South Africa), 39 percent; and Dar-es-Salaam (Tanzania), 8 percent.

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Airplanes are used on an exceptional basis (for cobalt, for instance).

Air Transport

According to the Zairian press the airlines are reputed for their violation of schedules and total scorn for their customers. . . . The international lines covered by Air Zaire certainly does not enjoy a better reputation.

. . .

Official information on this subject is either rare or nonexistent: it is obvious that Air Zaire is suffering from the same ills which paralyzed private industry and that poor management resulted in its general manager to be severely taken to task by Zairian deputies who accused him of an "abnormal swelling" of the personnel while the fleet of the company was being reduced and a policy of "whimsical" hiring and promotion of personnel was being pursued. Furthermore, the deputies noted with surprise that a company with some 15 financial directors had never drawn up a balance sheet for the enterprise. Furthermore, the Zairian treasury was subsidizing a "chronic deficit" every month, while no balance sheets submitted by the company made it possible to establish precisely the existence of such a deficit.

Maritime Transportation and Ports

In April the government of Zaire ratified a new cooperation convention making the Zairian Maritime Company (CMZ) with the Belgian Maritime Company (CMB). This convention replaces the one of 22 October 1976 which President Mobutu had denounced, calling it a "commercial scandal" for it granted, in his view (speech of 4 February 1980) excessive advantages to the Belgian company.

The negotiations started on that occasion essentially dealt with the resumption by the CMZ of its financial and administrative control, previously supervised by the CMB, and the role and assignments of the International Maritime Agency (AMI, a Belgian company), which was the CMZ's general agent for Europe, as well as the technical aid which the CMB was providing the CMZ.

On 24 January 1980 the port of Matadi was supplied with two electric-powered cranes whose operations would increase the output of the ports. The 14 existing machines will become operational not before the end of 1980. Their installation will cost 150 million Belgian francs, the work being financed by Belgium (specifically, it is a question of converting 14 hydraulic into electric cranes with a 4-to-6-ton hoisting capacity). In the near future a containers terminal will be added to the port.

The lengthening of the docks (currently estimated at 1,610 meters) is planned for a subsequent period; this will be carried out west of Ango-Ango, and the new piers will be essentially reserved for wheat-hauling ships.

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(Note: The few available figures of the import and export traffic may be found at the beginning of the chapter entitled "The Economic Situation.")<sup>12</sup>

The building of a deep-water port in Banana, the rail link between Matadi and Banana, and the opening of a free zone in the latter settlement remain under study.

The World Bank is clearly reticent on the subject of the port and its indispensable annexes. The plan could be submitted, on a priority basis, by the state of Zaire to the EEC commission which appears better disposed to meet Zaire's demand. Meanwhile, Japan has undertaken the building of a bridge on the river downstream from Matadi, which is an indispensable link between the Kinshasa-Matadi railroad track and the future Matadi-Banana tracks which would provide the linkage with this Atlantic port.

In the course of the trip made last June to Mozambique, President Mobutu visited, together with President Samora Machel, the Maputo maritime port. President Machel offered his Zairian counterpart access to the Mozambique railroads and ports. The Maputo port, which would handle 7 million tons per year, is the point of entry and exit for products of South Africa, Swaziland, Zimbabwe, and Mozambique. In addition to Maputo, Zaire could restore its connection with Beira, providing that no transit difficulties would be offered by Zambia and Zimbabwe, which is a likely hypothesis considering the current situation.

#### Riverine Transportation

Riverine transportation is mostly exploited by ONATRA or, in other words, the National Transports Office of Zaire, which also manages the ports of Matadi, Boma, Banana and Kinshasa, the Matadi-Kinshasa railroad, and the Boma-Thsela line. The office also provides river navigation facilities along the lower reaches of the river, linking the Banana-Boma and Matadi ports.

The special Zaire-Angolan commission set up for the management and maintenance of the Zaire river bay met in Luanda from 7 to 12 January 1980. Specific measures were formulated so that in the next few months nighttime navigation on the bay could be resumed. Specifically, it was a question of basing in Noki, on the Angolan shore, of a crew of buoy maintenance workers equipped with the necessary fuel in order to ensure the permanent functioning of the lights. The dredging of the Matadi-Banana bay, assigned to Zaire, yielded satisfactory results; following the considerable increase in depth the capacity of boats landing in Matadi increased considerably.

ONATRA which, at a given point, was in a very poor condition, has undertaken a slow yet substantial upgrading of its situation under the control of Mr Paelinck (chairman and director general), a high-level Belgian

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technician. Paelinck's departure had been recently announced, but, happily for the project, at the express demand of President Mobutu, Paelinck has accepted the extension of his mandate for one more year.

Two specific facts will have a general beneficial effect: 1) the creation of a special brigade in charge of supervising barge strings and convoys along the rivers; 2) the commissioning of 6 new big 1,000-ton barges all of them operational by the end of May. These barges, capable of hauling containerized cargo, could equally haul special as well as general cargo, which will thus be protected from thefts thanks to the locking of the heavy panels over the holds.

Even though not everything has reached a normal condition in this area, substantial and encouraging progress has been made, particularly along the main directions.

We consider it worthwhile to provide figures showing the upriver and downriver 1980 traffic for the two bays: Zaire and Kasai (in tons):

	Upriver	Downriver
January	33,853	40,062
February	20,490	30,182
March	28,396	33,174
April	24,397	37,932
Average (4 months 1980)	26,780	35,337
Average (12 months 1979)	25,928	37,218

Ilebo port. Studies currently underway, with a view to the modernization of the port of Ilebo, call for the building of a new pier, 300 meters long, and of merchandise-storing facilities, as well as improvement in handling and lighting conditions.

#### Rail Transport

The Matadi-Kinshasa railroad, whose running, under current conditions, occasionally leaves something to be desired, will be electrified: the work is planned for 1981. It will be conducted in two sections: Matadi-Lufu-Toto and Kinshasa-Lufu-Toto. A straightening of the current tracks is planned. Using low-cost power produced by Inga, less difficult maintenance materials could be used. The cost per kilometer of run will be reduced and traffic regularity will improve.

The Mayumbe railroad, linking Tshela and Boma, was useful to Bas-Zaire exporters despite poor conditions. The Zairian government decided to terminate the operation of this line. The authorities plan to export Bas-Zaire products with 30-ton trucks. However, no road can currently withstand such a load.<sup>13</sup>

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The Lubumbashi-Dilolo-Lobito line, vital to the Shaba economy, is still hardly usable in its Angolan section. Even though a few trains have occasionally used these tracks, in particular for the shipment of manganese coming from Kisenge (in 1979) frequently, as of 1 January 1980 the tracks are blocked and it would be impossible to predict the time of its definitive reopening.

The SNCZ, which has regrouped the old KDL-CFL and the CVZ lines, still faces very serious difficulties. The absence of a competent foreign director-general, in particular, has been painfully felt following Mr Gohr's departure. The firmness which is leading ONATRA to its improvements is still absent here. Adding to this the condition of the road, the wear and tear of the tracks, the deteriorating of the rolling and traction stock, the lack of discipline of the personnel, and proper management, we would easily find the explanation for the difficulties constantly encountered along these lines which, nevertheless, remain essential to the country's economy.

Last 19 March an official communique formulated an idea close to President Mobutu's heart: linking Matadi with Shaba by rail.

The main section, Ilebo-Kinshasa-Matadi-Banana, whose layout is still unknown (in particular for the Ilebo-Matadi section), would allow Zaire to transport, above all, its mining output without being dependent on the regularly used foreign rail systems.

#### The Road System

In 1960 the road system consisted of some 140,000 kilometers of roads and unpaved tracks, commonly known as all-weather roads (usable in all seasons). Infrequent segments had been paved. They included the Matadi-Kinshasa road (388 kilometers); the Boma-Tshela road (140 kilometers); the Lubumbashi-Likasi-Kolwezi road (373 kilometers); and a very small segment of the Kisangani-Bukavu axis (work stopped in 1960).

During the first years of independence this system virtually broke down when some sections became totally unusable.

To this day the overall situation is far from satisfactory. Even though some progress has been achieved (such as, for example, the opening of a road from Kinshasa toward Kikwit, the reopening of the Kisangani-Bukavu road, and the repair of the Lubumbashi-Kolwezi axis (asphalt), the signing of maintenance contracts with private companies, the establishment of a Roads Office, etc), everything remains far below the level of 20 years ago.

Faced with the imperative necessity to ensure at all costs the upgrading of agriculture, a target which can be reached only with the development of a reliable network of feeder-lines, involving roads and tracks linking

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production centers with major transportation arteries (water-rail), a special plan has been developed by the Roads Office. A maximum amount of funds will be concentrated on five agricultural areas, so that within a short time substantial amounts of food could reach the markets. Such zones would be located, in particular, in Bas-Zaïre and in Kwilu. So far we lack any official data on the subject.

Conversely, we have been able to acquire some data on a few major targets of the road program of the Mobutu plan for the period ending in 1981. The program opens with the following statement: "The recovery of this country will be achieved through the recovery of the back country and the recovery of the back country goes through roads."

Item: The Kisangani-Lubutu-Bukavu linkage: the opening and asphaltting of the road are scheduled for 1982.

Item: Studies of asphaltting of the Akula-Gemena (Equateur province) track and of the Ituri road will be completed and would allow a rapid initiation of the project.

Item: The ferry boat between Kikwit and Kananga is to be removed and replaced by Bailey-type bridges in the areas of Bandundu and Kasai Occidental (the bridges, a gift of Great Britain, were delivered this quarter by the British ambassador).

Item: 1,000 kilometers of roads (of the 2,000 kilometers of asphalted roads in existence) will be repaired. Main objective: to facilitate the transportation of farm and food products accumulated in the back country.

Note: In February 1979 the Zaïre roads were officially rated as follows: public roads (total), 58,309 kilometers; breakdown: national roads, 20,683 kilometers; primary regional roads, 20,201 kilometers; secondary regional roads, 17,425 kilometers. Compare this with the 140,000 kilometers of roads which existed in 1960.

#### Urban Transport

The problem of urban transport, a concern of all major agglomerations, remains the most acute in the capital, despite substantial efforts either made or underway. No precise documentation on this subject is available. Conversely, the Zaïrian press publishes daily complaints, criticisms and even attacks on the existing system.

Let us merely note, therefore, one or two new events which took place during the first quarter:

At the end of December 1979 SOTRAZ [Zaire Transports Company] put into operation in Lubumbashi 4 buses for about 100 passengers each. The total facilities will include (at least) some 15 vehicles of the Renault S105 model.<sup>14</sup>



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The Public Transports Company of Kinshasa (STK) reached last April a special agreement within the framework of FRG-Zaire cooperation.<sup>15</sup>

Energy Policy

The following is worth noting from an interview granted by the state energy commissioner to ELIMA, a Zairian daily:

"Currently we are spending \$26 million per month on petroleum imports. This covers no more than 72 percent of national requirements. The Executive Council is trying to include an inter-governmental contract for imports at a reasonable price.

"At all costs we would like to restore Petrozaire so that it may become the proper Zaire representative with the producers and the spearhead of our petroleum policy.

"We equally wish to convert our thermoelectric into hydroelectric power plants; we have asked private industry to make an effort in this respect. We have set up a study group in charge of formulating a policy of "micro-plants": a facility of this kind will be operational in Butembo (Kivu) before the end of 1980.

"As to the city of Kinshasa, whose population is still using an excessive amount of petroleum, we want to promote electrification, since the cost of petroleum used for electric power maintains a 1:20 ratio. Such electrification will furthermore increase the profitability of Inga I which, so far, has been only 20 percent operational.

"We also wish to develop more extensively recoverable energy such as wood, solar and, on a longer range, nuclear energy. New petroleum prospecting will be encouraged as well. The methane gas of Lake Kivu and the petroleum seeping noted in Lake Tanganyika have equally drawn our attention. . . ."

Investments and Salaries

Private investments, in the conventional meaning of the term, have become rarified. This attitude can be easily explained by the attitude of the Zairian government toward the owners of capital, which was understandably one of suspicion during the 1974-1978 period (the period of the Zairianization and radicalization, and its sequels). The situation had not shown any fundamental improvement in the first half of 1978.

Considering the data published by SOFIDE, which remains a serious and well-organized agency, as it has been since its beginnings, lacking statistical data, we note the existence, along with medium-sized investments by citizens of the country, some investments made by foreign companies on

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a self-financing basis. Some figures on requests for loans granted support this information.

At the end of December 14 requests for loans totaling 19,582,000 zaires were granted.

In terms of private investments, let us note the following "projects":

At the end of 1979 Mr Weymar (FRG) stated, following a trip to Zaire, to be ready to make substantial investments, particularly in the agro-industrial area. He was scheduled to return to Zaire as of the end of January 1980 to concretize his plans;

The Zairian press reported that a Canadian company, the International Baryuni Mining Canada Ltd, was to build in Mushie, in the Bandundu area, a timber exploitation plant. The plant would employ about 150 people and its cost is assessed at \$7.5 million. In the course of a second stage, the company would invest \$20 million in a wood pulp manufacturing plant which would employ 750 workers;

Following a trip to Switzerland, a Zairian delegation reported that the Alusuisse company was to start, next July, talks with European aluminum manufacturers, West German and Norwegian in particular, on the creation of a consortium headed by it, which would build an aluminum plant in Zaire, a project contemplated for a number of years.

Zaire has an Investments Code which could be considered as basically satisfactory. However, its latest edition (OL 79-027, dated 28 September 1979) has been unable to promote a movement which has begun to appear promising in the 1970s; the trust shaken by the 1974 events has not been restored . . . ; the Zairian authorities seem to have forgotten that this fragile feeling is not granted easily and that, generally speaking, it is granted no more than once.

#### Zairian Manpower Wages

On 30 August 1979 the national trade union UNTZA wrote that "the purchase power of salaried workers is only 13.2 percent that of 1960. On the same date the minimum monthly food budget of the family of an unskilled worker with 4 children was 480 zaires. Yet, many of the workers in Kinshasa whose wages range between 50 and 100 zaires monthly!" In May 1980 it added the following:

"24 December 1979: Money shortage is profoundly felt by wage-earners. On 20 February 1980 there was another 30 percent devaluation of the zaire, to which the consequences of an annual inflation of at least 50 percent could be added."

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"On 11 April the Executive Council announced that 35 million zaires will be distributed among the various areas 'to exchange the invalidated bank notes so far held by the peasants.' The communique added that, in addition to that amount, '9.24 million zaires has already been sent to the different areas to exchange the savings of workers of some strategic enterprises.' However, 35 million zaires for a rural population of about 20 million would amount to 1.75 zaires per capita, including children. The question of the adequacy of the overall amount appropriated for the rural masses is adequate."

Adding to all this the factual freezing of salaries (in some cases, however, theoretical), following the Executive Council decision of 23 March 1979 of authorizing a 30-percent raise in the legal minimum wage and family benefits, we are facing a reality necessitating no comment.

It is not the slight drop in the cost of staple foods, noted at the beginning of 1980, that could ease the misery in which the great majority of Zairian wage-earners and public employees live. Actually, the notion of purchase power has virtually disappeared as a result of runaway devaluation and galloping inflation nearing 100 percent. The tables show the development of the indicator from 1960 to April 1980. From this viewpoint they are quite persuasive.

Even more striking, perhaps, are the figures (which we cite with the usual reservations . . . ) provided at the beginning of June by a NIEUWE GAZET (Belgium) journalist following a trip to Kinshasa: "The annual income of a Zairian worker would be about 4,500 Belgian francs or 375 Belgian francs monthly; yet, the marketplace in the capital sells 1 kilogram of flour (manioc . . . ) for over 30 Belgian francs, while 1 liter of gasoline at the pump costs 65 Belgian francs or more, according to circumstances."

What could we say about the statement made several days ago by a company manager who, as director general, had spent long periods of time at a major agroindustrial operation in Bas-Zaïre, a first-rate agricultural area: ". . . With the salary I was paying to a farmworker in 1960 the latter could purchase on a daily basis 1 kilogram of rice, 1 kilogram of fish, and 2 bottles of beer. . . . At the end of the year he had saved enough to buy himself a bicycle or buy for his wife 1 or 2 combs . . . . Today this same worker must work 2 days to buy 1 bottle of beer. . . . Any comment would be superfluous."

#### Salaries of Expatriated Personnel

Leaving aside recruitment difficulties and the sometimes abnormally high salary requirements, and ignoring the extremely heavy taxes on Zaïre salaries,<sup>16</sup> let us note that the most delicate problem which affects the expatriated personnel is that of transferring wages, and of social benefits abroad.

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The matter was settled on the basis of Circular 170 dated 27 March 1980 of the Branch of Zaire.<sup>17</sup> Theoretically, this circular meets the requirements of the interested personnel. Matters are entirely different in practice. The payment of transferrable funds requires considerable delays, sometimes as long as 7 to 8 months. At the end of March OSSOM (Office of Overseas Social Security) was behind in its payments by nearly 80 million Belgian francs for the 1978 and 1979 fiscal years. These delays have already triggered and risk to trigger further resignations of highly skilled technicians who are indispensable to the proper operation of the industrial machinery. The imposition of a ceiling on transfers forbids enterprises both to increase the number of their personnel and to raise the salaries of deserving personnel.

The slowness displayed by the Bank of Zaire in meeting accepted transfer requirements is such that the companies are beginning to be doubtful as to the future.

According to recent information (15 June 1980), by that time the Bank of Zaire had granted no more than some 15 transfer authorizations. Business circles in the Zairian capital are questioning the possible justifications for such an attitude which is so inconsistent with the properly understood interests of the country. Some do not hesitate to look for the answer in the precarious nature of the country's balance of payments. . . .

On 1 July OSSOM was facing the inability to make some health-care payments as a result of shortage of income applied domestically. Nearly 1,000 families are threatened by a "non-repayment" which could have the disastrous effect of triggering the resignation of heads of families working in Zaire and whose experience would be hard to replace.

Zaire could not wish this to happen. . . .

Attempt at Synthesis

We have tried to provide a general outline of the economic and financial situation of Zaire for the first half of 1980: looking at our map, we would find, alas, a number of "blank spots" (essentially due to the lack of statistical data) which make our work look like African maps published at the end of the 19th century, with their wide blank spaces on which the two words terra incognita were printed. We have already described the reasons for this situation.

To well understand what is taking place at the beginning of 1980, let us take a brief look at the past and emphasize a few vital points.

Starting with November 1965 (date at which General Mobutu seized power), Zaire undertook, with some shocks (such as, for example, the nationalization of Union Miniere and its branches), a process of recovery, slow but

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unquestionable, paralleled by a political stability unknown since 30 June 1960.

At the beginning of 1974 copper prices broke the barrier of 100,000 Belgian francs per ton. The country was seized by a feeling of anarchic euphoria: private bankers and investors threw into the Zaire financial market some \$600 million which, added to the \$300 million provided by the Zaire government, totaled close to \$1 billion, i.e., 6 times the 1972 amount. . . .

1975: the year of catastrophe: the irresistible drop of the Zaire economy began under the impact of a drop in copper prices, which declined very rapidly to 40,000 Belgian francs per ton!

From 1975 to June 1980 difficulties piled up. This was confirmed by President Mobutu himself:<sup>18</sup>

"My country faces a number of economic problems . . . which are part of the global crisis. Our administrative apparatus is immature. . . . Saboteurs are promoting subversion in our country in an effort to overthrow the regime. Since 1973 we have had to withstand the almost unbearable burden of the petroleum crisis. We experienced two invasions in Shaba. We are in the grip of a galloping inflation paralleled by another drop in copper prices on world markets. . . . The Zairianization and radicalization of enterprises was a failure. . . . We have had to devalue on several occasions our national economy and the change of bank notes from 5 to 10 zaires, decreed on 24 December 1979, partially failed as a result of poor administration of the operation by the officials in charge. . . . "

A number of things could be said on the many items of a list which seems to ascribe a sort of fatality to events which, however, involves the direct responsibility of the state of Zaire. . . . We shall not do so, since all these problems were studied in their time and interpreted in their true light. Let us merely note, together with President Mobutu, whose courageous frankness should be acknowledged, that at the end of June 1980 Zaire is at the pit of a wave. The current crisis according to statements of the International Monetary Fund could last yet another 2 or 3 years. . . .

Within that time Zaire has gradually lost, needless to say, a good percentage of its international credibility.

Whereas its president quite rapidly became aware of the need for a new policy, he mentioned this, quite naturally, on the basis of an "African" concept of problems and solutions; on this basis he quite quickly clashed with the rigid, Cartesian attitudes which, at the time, seemed to him to have been mercilessly hard, on the part of those who could provide him the necessary help for an economic recovery as subsequently enunciated in his "Stabilization Plan" and, later, in his "Mobutu Plan" which, to this

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day, is the basis of all discussions on the international level aimed at the sole target of preserving a country which, regardless of all vicissitudes inflicted upon it, has retained an immense and immediately available potential providing that the ills which its economy is suffering are treated.

Whereas, indeed, a great deal of criticism could be addressed to the Zairian government, it would be morally dishonest to conceal what has been accomplished on the positive side, i.e., that of rebuilding a severely deteriorated economy.

Positive Actions . . .

Let us first succinctly draw up an inventory of actions which bring credit to the Mobutu government:

- 1) Political stability (it is not for us to judge the way in which it was achieved, first, and maintained, afterwards . . . )
- 2) The honesty with which the president engages in "real" periodical self-criticism.
- 3) Administrative recovery measures, which were carried out with an unquestionable political courage: appointing to the Bank of Zaire a main director, International Monetary Fund expert, and foreign specialists in various departments; appointment of a high-level international expert as national finance manager; establishment of a National Customs and Duties office whose director general is a Belgian expert (Mr Saville), assisted by 35 Belgian customs officers seconding their Zairian colleagues; the unquestionably successful of a Belgian chairman-director general (Mr Paelinck) to head ONATRA; the acceptance of a number of bilateral aids-- Belgian, French and Chinese--for the reorganization of the ANZ (National Zairian Army).
- 4) Establishment of the OGEDEP (Public Debt Management Office), totally run by Zairians; this organization has proved to be adequately active in proving Zaire's credibility.
- 5) The tireless efforts made by President Mobutu himself who, traveling both within his country "to touch with his own hand" the realities of what is described as the "interior" (frequently quite poorly known in Kinshasa by officials who are either incapable, corrupt, or all too often scornful of the "peasants" who are, whatever the others may say, the live force of the country, as well as abroad, where he is trying, through personal contact with heads of states friendly to Zaire, to regild the recently somewhat tarnished image of a country which needs maximum help to "come out of the dumps" . . . ; all this being carried out with a courageous scorn for the political danger which such frequently extensive absence could entail. . . .

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6) The democratization of the system: considered adequate African fashion . . . it may seem to some to be more apparent than real; it is not up to us to judge this purely political fact.

Let us stop here even though the list could be extended . . . .

There Are Criticisms as Well . . . .

Let us now list the criticisms, many of which (see the 25 June speech) have been actually acknowledged by the chief of state himself. Let us consider only those which have had a direct impact on the country's economy.

The Zairianization-radicalization which, unquestionably, was a government initiative and which, for an entire period of time, caused some economic sectors, the agro-industrial in particular, extensive damage which restitution measures have been able to repair only very partially. To be complete, the restoration of the big enterprises in which Zaire participates in various extents would require different periods of time. Some of them have disappeared either entirely or partially, which, unquestionably, explains the very clear decline of exports still not recovered from years of mismanagement. Few enterprises came out whole from an adventure which the Zairian economy could have well done without.

On the occasion of the exchange of 5- and 10-zaire notes, the poor organization of such a delicate operation not only triggered severe difficulties among a substantial percentage of domestic enterprises but failed, furthermore, to yield the desired results. It could be said that all in all it was a failure. We read in the April 1980 issue of the periodical ZAIRE-AFRIQUE, signed by professors and researchers of UNAZA/Kinshasa the following statement which says a great deal on the factual results of the operation: "The net cast on dishonest hoarders immediately assumed the appearance of being strangely selective, allowing the big fish to go through while trapping the small." We read further on that " . . . one could also ask oneself as to the suitability of separating, in terms of time, the two monetary measures (the exchange of 24 December 1979 and the last devaluation of 24 February 1980) at the risk of making their objectives incompatible."

The inability to master the generalized corruption and severe fraud, frequently involving high officials of the system and Zairian merchants, well identified yet virtually untouchable . . .

The deterioration of transports (see the separate chapter on transports). They have experienced a slow improvement, frequently localized. However, years will have to pass before reaching the necessary normalization. The entire economy is suffering from a situation which hinders both the shipping of imports and of goods of all kinds and the distribution of agricultural products, causing, at the same time, a definite discouragement among industrialists and producers.

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In his new year's speech, end of 1979, President Mobutu has stated that " . . . in 1980 the people of Zaire must begin to smile again . . . " Let us note that in June 1980 the Zairian citizen, urban or rural, has still no reason to be satisfied with his lot. . . .

Inflation (see MTM of 18 July) has not been strangled; the figures show that it has not been restrained (we must acknowledge that the Zairian government is not entirely responsible for this condition).

The development of salaries which is firmly subjected (with rare exceptions) to the measures stipulated in the Stabilization Plan, first, and the Mobutu Plan, subsequently, has not followed the rise in living costs. The consequence has been the progressive erosion of the purchasing power of the masses to such an extent that one wonders how the population of the big cities survives.

The deficiencies of an administration frequently bothersome and corrupt (the exceptions, unfortunately, are still too rare) in the centers and virtually inoperative in the interior, quite frequently due to lack of basic material facilities. . . .

The lack of current information and, even more so, of credible and recent statistical data: this state of things makes helpless anyone who would like to acquire a precise idea of the Zairian economy or undertake even a minor economic study. . . .

The list could be expanded. We shall not do so for the sake of objectivity: we would like to avoid giving credit to the idea that everything is going badly in Zaire alone, whereas we have abundant proof that in some sectors the situation is even worse in other countries which are not so much in the limelight.

Some Figures and Data

Nevertheless, before completing our presentation, we must cite a few figures and data:

Zaire's GNP has been declining for the past 5 years.

The balance of payments has shown a deficit since 1977; the 1980 projections show a negative balance of payments of \$248 million.

The anticipated 1980 budget deficit is estimated at 350 million zaires.

The annual inflation rate is continuing to rise.

The impossibility to honor obligations toward some financial groups or companies which have been 100 percent nationalized; examples: KDL, Belectric, Sogelec . . . 19



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Indebtedness charges which, in 1980, would account for 26 percent of the value of exports, not considering the size of delinquent amounts assessed at \$1.1 billion.

The trade balance (projection) could be maintained.

Undertaking the conclusion of this long report, we must take a look at the past. A few years before 30 June 1960, one of the last Belgian governors-general had frankly stated that " . . . faced with the problems to be resolved and the considerable efforts to be made to give the Belgian Congo the development consistent with its potential, I must state that the management of our colony is no longer tailored to a single person . . . "

On 30 June 1960, yielding to international pressure, and unquestionably neglecting a little too much the opinion of those described as "the colonials," Belgium granted independence to a Congo which was very poorly equipped to handle this immense task.

In November 1965 General Mobutu seized power: in the enthusiasm of the moment, and ignoring financial and economic realities, he solemnly promised, in his 5 December 1965 speech, that he was giving himself 5 years to lead the country out of the chaos in which the politicians had plunged it. Fifteen years later the balance is disappointing and virtually catastrophic.

. . .

Proof exists today that without considerable aid granted on an urgent basis, Zaire might flounder. The ills to be cured are not exclusively monetary, financial, or economic. They are equally of a human nature, and it is the remedies to the latter that might prove to be the most difficult to find.

On 13 June last, the United States ambassador to Kinshasa stated, in a speech delivered in Washington, that President Mobutu was firmly in the saddle and relatively protected from foreign influences. Even his worst enemies acknowledge that he was the only one who could have kept the country united for the past 15 years. The ambassador also added that financial difficulties had led Zaire to the brink of a precipice as the result of the corruption of the political personnel and of some unproductive investments; he recognized, however, that progress had been achieved in some areas.

This brief summary of Zaire is quite consistent with reality. The juxtaposition of all data combined justifies, we believe, this view.

Nevertheless, we must not ignore the fact that it would be tremendously dangerous to let this patient suffering from a severe illness without adequate remedies at the risk of seeing an attitude which, appearances notwithstanding, is clearly sympathetic to the West, change.

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All too easily one is led to say that Zaire is a country impossible to manage, forgetting the tremendous economic potential of this country which holds a first-rate geopolitical position in Africa and throughout the world, ignoring the fact that it is in the interest of the Western nations to help it through appropriate financial means which, let us recognize it, must be enormous, so that it can recover as rapidly as possible.

In recent years Zaire has given clear proof of goodwill: it is the duty of Europe, in particular, to encourage it to pursue this way by providing it material proof of the trust it would like to put in it once and for all.

FOOTNOTES

1. Within the framework of the measures formulated by the International Monetary Fund for the recovery of the Zairian economy (stabilization plan), the Zaire currency has had five consecutive devaluations in a few months.
2. See above the section on devaluation.
3. For more details see MTM 1793, 21 March 1980, p 696.
4. These wells are located on the Atlantic coast ("inland") in the environs of Moanda.
5. Excerpt from the Zairian periodical SALONGO.
6. See MTM 1806 of 20 June 1980 the article on the 1980 Belgian cooperation budget.
7. General Mobutu's residence in the northwest of Equateur.
8. MARCHES TROPICAUX has printed extensive excerpts from the UNIBRA report and the statements of the company's president (MTM of 11 July, p 1752).
9. See MTM of 27 June 1980, p 1636.
10. For more details see the chapter "Cooperation and Financial Aid," MTM, 18 July.
11. Based on the original document.
12. See also on this subject data published in No 1786 of 1 February 1980, MTM, p 267.

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13. These railroads are operated by ONATRA (see MTM 1781 of 1 February 1980, p 267).
14. See MTM No 1782 of 4 January 1980, p 32.
15. See "Cooperation and Financial Aid": the FRG. MTM, 18 July.
16. Law No 80-004, dated 16 January 1980, introduced a first amendment to the ordinance law of 1979 on revenue taxation. It was amended a second time with the ordinance law 80-004 of 6 March 1980. The first state commissioner, however, let it be known that the initial amendment would remain temporarily valid.
17. See MTM No 1008 of 9 May 1980, p 1101.
18. Speech delivered in Kinkole on 25 June 1980 on the occasion of annual "fishermen's" day.
19. As we were completing the writing of the present article, we learned that the first dividend from the liquidation of the KDL (expected for quite some time) was payable in Brussels, in the amount of 27 Belgian francs; subsequently, 15 others will be added of 53.50 Belgian francs each, totaling 829.5 Belgian francs. Even updated with a 10 percent rate, the amount still totals 450 Belgian francs per share. Therefore, Zaire is undertaking a major effort to compensate the Belgian stockholders. To be followed.
20. See on this subject MTM No 1802 of 23 May 1980.

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